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Japan's new first lady seeks to recast the role of women

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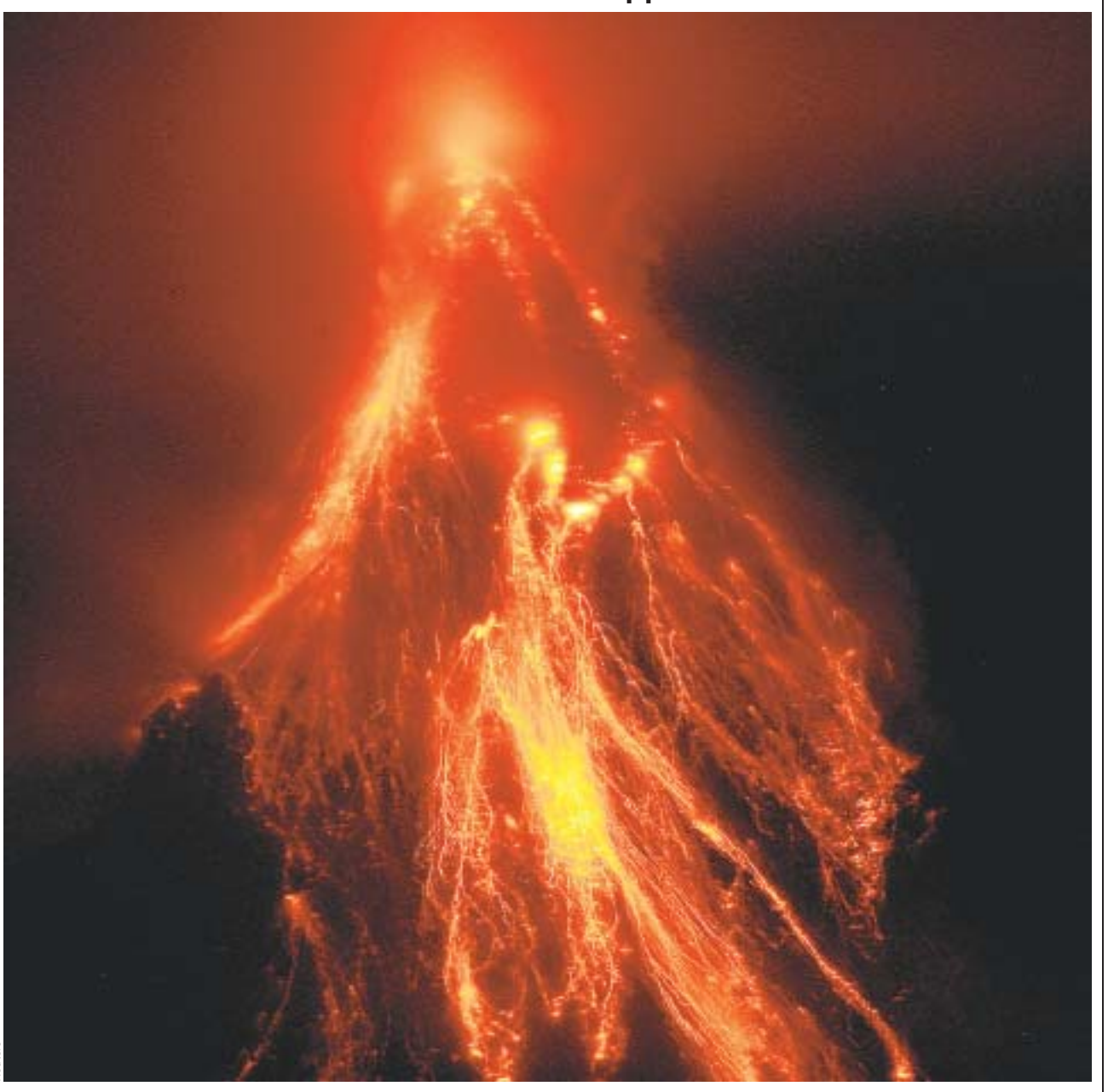
Volcano threatens thousands in the Philippines



Reuters

Mount Mayon in the central Philippines oozed lava and shot up plumes of ash Tuesday, forcing the evacuation of more than 20,000 people. Officials raised the alert level on the 2,460-meter volcano to two steps below a major eruption after ash explosions.

RBS discovers possible trouble in a China unit

Royal Bank of Scotland Group PLC's ABN Amro operations in China said it has uncovered potential irregularities within its small and medium-size enterprise-banking business, in response to a Wall Street Journal inquiry.

*By **Rick Carew** in Hong Kong and **Denis McMahon** in Beijing*

The scale and nature of the potential problems at ABN Amro China remain unclear. ABN Amro has one of the biggest foreign-banking franchises in China, operating 18 retail-banking outlets in the country.

"As a result of an internal investigation, we have identified potential irregularities involving a very small number of accounts within our SME banking business in China," an ABN Amro China spokeswoman said in a statement. "We took immediate action to notify the relevant authorities and further investigations are under way."

She declined to give further details about the potential irregularities, citing the ongoing investigation.

ABN Amro's SME business is among the operations RBS is planning to sell to HSBC Holdings PLC. RBS wants to sell its China retail outlets and SME lending business, as well as its retail business in India and Malaysia, to HSBC, keeping its wholesale and investment-banking businesses across Asia. That deal is still being finalized and needs regulatory approval, according to people familiar with the situation. A representative for HSBC declined to comment.

China's banking regulator is tightening the supervision of foreign banks' lending to SMEs, an area of focus for many foreign banks in China as they have tried to expand their businesses. Two bankers at other foreign banks said the Chinese regulator told them it was pushing for tighter supervision of their operations in response to concerns about possible problems at ABN Amro.

The banking regulator wouldn't confirm this was the case and said it wasn't able to immediately reply to faxed questions about the potential irregularities at ABN Amro or its supervision measures.

ABN Amro said it was

Please turn to page 20

China emerges as green-technology leader

By Shai Oster

BEIJING—Xu Shisen put down the phone and smiled. That was Canada calling, explained the chief engineer at a coal-fired power plant set among knock-off antique and art shops in a Beijing suburb. A Canadian company is interested in Mr. Xu's advances in bringing down the cost of stripping out greenhouse-gas emissions from burning coal.

Engineers led by Mr. Xu are working to unlock one of climate change's thorniest problems: how to burn coal without releasing carbon into the atmosphere.

Mr. Xu is part of a broader effort by China to introduce green technology to the world's fastest-growing industrial economy—a mission so ambitious it could eventually reshape the business, just as China has done for everything from construction cranes to computers.

Reuters

China is reshaping two of the biggest green technologies in use already: wind and solar power. A worker cleans solar panels in Shanxi province.

China looms large over the global climate summit in Copenhagen, where Chinese officials are pressing the U.S. and other rich nations to accept new curbs on their emissions and to continue to subsidize poor nations' efforts to adopt clean-energy technology. China is the world's biggest source of carbon emissions. Less understood is the way China is now becoming a source of some of the solutions.

China's vast market and economies of scale are bringing down the cost of solar and wind energy, as well as other environmentally friendly technologies such as electric car batteries. That could help address a major impediment to wide adoption of such technologies: They need heavy subsidies to be economical.

The so-called China price—the combination of cheap labor and capital that rewrote the rule book on manufacturing—is spreading to green technology. "The China price will move into the renewable-energy space, specifically for energy that relies on capital-intensive

Please turn to page 18

Samsung taps CEO, elevates family heir

By Evan Ramstad

SEOUL—**Samsung Electronics** Co.'s latest reorganization puts its most successful manager in charge of the whole company and brings to prominence the grandson of the company's founder, who keeps a low profile in Korea but has quietly built relationships with major customers and investors.

Geesung Choi

The Seoul-based company Tuesday named Geesung Choi, 58 years old, as chief executive. A veteran of the company's TV business, now the world's largest in terms of revenue, he most recently served as president of Samsung's consumer products divisions, which account for about two-thirds of Samsung's roughly $110 billion in annual revenue. He succeeds 63-year-old Lee Yoon-woo, who remains chairman of the board.

It also named 41-year-old Jay Y. Lee, whose grandfather started the Samsung group of companies and whose father built them into an empire with international reach and status, to the new position of chief operating of-

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* * *

Business & Finance

■ **Japan stopped short** of setting a firm limit on new debt sales in the next fiscal year. The budget guidelines approved by the cabinet raised questions about the government's commitment to fiscal discipline down the road. **26**

■ **Indonesia cleared** a regulatory logjam holding up $1 billion in funding from Middle East investors for a railroad project. **3**

■ **Japan is set to announce** a cigarette-tax increase that could have long-lasting ramifications for Japan Tobacco, Philip Morris International and BAT. **21**

■ **LG is rolling out** a range of 3-D TVs, hoping to grab a head start in a competitive product niche. **21**

■ **U.S. stocks slipped**, hurt by concerns over rising wholesale prices and deteriorating manufacturing conditions. Most Asian markets ended lower. **29**

■ **U.S. producer prices** and industrial production jumped, highlighting inflation worries as Fed policy makers begin deliberations on interest rates. **WSJ.com**

■ **Shares of PCD Stores** rose 31% from their IPO price on their first day of trading on the Hong Kong Stock Exchange. **28**

■ **China raised** the minimum yields for corporate bonds in the interbank market in order to reduce the gap with yields in the secondary market. **26**

■ **The second batch** of companies preparing for listing on ChiNext have tripled the amount they are seeking from their IPOs. **30**

■ **Royal Bank of Scotland** shareholders approved the bank's participation in a $413.21 billion state insurance program. **30**

■ **Wells Fargo priced** its $10.4 billion stock offering and said it could raise more capital to avoid selling nonstrategic assets. **30**

Massimo Berruti for The Wall Street Journal

A pair of car bombs killed at least 14 people in Afghanistan on Tuesday, including a suicide strike that may have been targeting the country's former vice president. The attacks come as thousands of U.S. troops prepare to deploy in an attempt to quell the country's insurgency. Page 6.

■ **BofA suffered a setback** in its CEO search as talks with leading outside candidate Robert Kelly collapsed over pay and governance issues. **27**

■ **Top AIG employees** continue to struggle financially, having taken big losses after the insurer's near collapse, CEO Benmosche said. **30**

■ **Kraft questioned** Cadbury's defense against a hostile takeover offer, expressing skepticism about the British company's new growth targets. **23**

■ **GE chief Immelt** will aim to persuade investors that he can guide the company to a new era of growth despite a cloudy forecast for next year. **25**

■ **The dollar jumped** as credit concerns in Austria and Greece continued to pressure the euro and other European currencies. **29**

* * *

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■ **Attendees traded barbs** at the U.N. climate conference over basic questions about how to curb emissions, suggesting that the effort to muster global action on climate change was moving backward. **12**

■ **India said it will impose** antidumping duties on some telecom equipment imported from China. **3**

■ **A political conflict in India** deepened, as the government faced mounting criticism for its hasty decision to carve a separate state from Andhra Pradesh. **10**

■ **Pakistan is getting** increased pressure from the U.S. to widen the scope of an offensive against the Taliban in tribal areas. **6**

■ **Thai investigators searching** cargo seized from a plane from North Korea found weaponry that includes missiles uncommon in Southeast Asia. **10**

■ **Japan postponed** until next year a decision on a contentious plan to relocate a U.S. military base on Okinawa. **4**

■ **A barrage of bombings killed** at least nine people the Iraqi cities of Baghdad and Mosul.

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WORLD NEWS

Indonesia clears railway investment

By Tom Wright

JAKARTA, Indonesia—Government officials said they had cleared a regulatory logjam holding up $1 billion in funding from Middle East investors for a railroad project, a major step forward for a nation that has failed in recent years to attract large amounts of foreign capital because of bureaucratic hurdles.

Investors including the United Arab Emirates and Dubai-based **Trimex Group** plan to begin construction early next year on a railway in Indonesia's East Kalimantan province, the Indonesian Investment Coordinating Board said Tuesday. MEC Infrastructure, a joint venture of Trimex's MEC Holdings and the U.A.E. government of Ras al Khaimah, plan to complete the railway in 2012.

The 130-kilometer track, the first private railway in Indonesia, will link the Muara Wahau coal mine in East Kalimantan's East Kutai district with the coast, where MEC Holdings is spending $250 million on a new port. The coal mine is being developed by MEC Coal, another joint venture of MEC Holdings and Ras al Khaimah.

The project is part of $5 billion in investments by the group and India's state-owned **National Aluminum** Co., the investment board said. The mine and railway are central to a complex of facilities that will also include a coal-fired power plant, an aluminum smelter, a fertilizer plant and a port terminal.

Indonesian Presidential Palace

Indonesian President Susilo Bambang Yudhoyono with the crown prince and deputy ruler of Ras al Khaimah, Sheikh Saud bin Saqr al Qasimi, on Sunday.

The investors took their plans to the Indonesian government in July of last year. But the project was held up by bureaucratic delays, including difficulties in obtaining a railway operating license from the Transport Ministry. The problem was resolved recently as part of efforts to unblock investment bottlenecks, said Gita Wirjawan, chairman of the investment board.

"The railway permit approval was a serious, coordinated effort" by local and central government officials, Mr. Wirjawan said. "It shows each party's commitment towards fulfilling its priority development goals in infrastructure."

A spokeswoman for Trimex in Dubai confirmed the project's go-ahead.

Indonesia's abundant supplies of coal, palm oil and other natural resources have attracted investment from China, the Middle East and India in recent years. But legal uncertainties and such bureaucratic hitches as problems over licensing and land titles have delayed many projects. That has prompted investors from the U.S., Canada, Australia and Japan to postpone large-scale natural-resource investments.

President Susilo Bambang Yudhoyono, who started a second five-year term in October, has pledged to focus on unblocking these investment bottlenecks, restoring faith in Indonesia's legal system and building much-needed new infrastructure.

Mr. Yudhoyono in October appointed Mr. Wirjawan, a former Indonesia head for J.P. Morgan Chase & Co., as chairman of the investment board, with a mandate to attract investors and push through infrastructure deals with Indonesia's powerful local governments. Mr. Yudhoyono raised Mr. Wirjawan's position to cabinet level to underscore the importance of attracting foreign investment.

Mr. Wirjawan said the railway deal "serves as a huge vote of confidence from an investor base that Indonesia shares long-term strategic interests with."

MEC Coal will invest $2 billion in an aluminum smelter with India's National Aluminum, producing 500,000 metric tons a year, the investment board said, without giving a time frame.

The partners will invest a further $1.5 billion in a 1,400-megawatt power plant powered by coal from MEC Coal's mine, which is slated to begin production of two million metric tons a year in 2010. The plant will supply power to the aluminum smelter.

India sets duties for China products

By Aaron Back And Rumman Ahmed

India said it will impose anti-dumping duties on some telecommunications equipment imported from China, in the latest in a series of trade spats between the two countries.

The duties—in some instances as much as three times the value—will be levied on synchronous digital hierarchy, or SDH, transmission equipment, a standard technology for digital telephone networks.

Chinese companies such as **Huawei Technologies** Co. and **ZTE** Corp. have made quick inroads into the Indian telecom market, offering products and services at prices about a third cheaper than that of global competitors.

A statement dated Dec. 11 and posted on the Chinese commerce-ministry Web site said that India will impose 236% duty on ZTE and 50% on Huawei Technologies.

A statement posted on the Indian commerce-ministry Web site said **Fibrehome Telecommunication Technologies** Ltd. will have to pay a duty of 236%, **Alcatel-Lucent Shanghai Bell** Co. 29% and Israel's **ECI Telecom** Ltd. 93% on equipment imported from China.

Officials from the companies weren't available for comment.

Overall, about $20 billion worth of telecom equipment is imported into India every year. Of this, SDH transmission equipment accounts for about $500 million to $600 million, said Sanjay Nayak, chief executive of Bangalore-based communications-equipment company **Tejas Networks** Ltd.

Tejas complained to Indian regulators that importers were undercutting prices, putting pressure on local manufacturers.

Citing quality concerns, India has banned imports of toys, milk and milk products, and chocolate and chocolate products in the past from China, leading to protests from its neighbor. Also, Indian Heavy Industries Minister Vilasrao Deshmukh on Oct. 15 asked the finance ministry to levy taxes on imports of inexpensive Chinese power equipment.

The Indian commerce ministry, recommending a provisional anti-dumping duty, in September said preliminary findings show domestic industry suffered material injury due to "dumping" of SDH equipment.

India's Directorate General Of Anti-Dumping & Allied Duties on April 21 initiated investigations on the importation of SDH equipment originating or exported from China and Israel following the complaint by Tejas.

India's intelligence agencies have expressed concerns over the installation of Chinese-made telecom equipment. In July, the government said a bid by Huawei Technologies to supply equipment to state-run telecom company **Bharat Sanchar Nigam** Ltd. wasn't opened due to security policies. Huawei has said it would work with Indian authorities to address network-security issues.

—R. Jai Krishna contributed to this article.

Japan's first lady seeks role for women

She campaigns against 'male-centered' society with high profile; traditionalists decry meals with husband, UFO comments

By Yuka Hayashi

TOKYO—Japan's new first lady, Miyuki Hatoyama, is stepping out of the shadow long inhabited by political wives here—way out, at times—in her campaign to recast the role of women in Japanese society.

"This is, in some ways, still a male-centered society," she said in an interview Monday with The Wall Street Journal, her first with a non-Asian media organization since her husband took office in September. "We need to change that."

Mrs. Hatoyama is the antithesis to the virtually nameless first ladies of Japan's first century of democracy. A 66-year-old former stage actress, she received attention in Japan for talking and writing about her supernatural experiences, such as being whisked away to the Venus in a UFO or eating the rays of the sun, along with her husband, to take in its energy. She once said that in her previous life, she knew Tom Cruise, who she says was then Japanese. She has cowritten a book titled "Mysterious Incidents I Encountered," a collection of interviews with celebrities about their supernatural experiences.

Mrs. Hatoyama didn't touch on these issues in her interview but spoke matter-of-factly about her unusually high profile for a Japanese politician's wife.

"Hatoyama has always encouraged me, saying, 'It's your life. You do what you want to do,' " she said, referring in a common Japanese form to her husband, Prime Minister Yukio Hatoyama. "If people think I am different, that may be because they have noticed I go out and mingle with people and blend in without much effort."

Her assertiveness turns off some traditionalists. Conservative magazines have hounded her, criticizing how the prime minister is being "pushed around" by his wife or making fun of her comments, particularly those related to her spiritual experiences.

Such criticism so far doesn't seem to have affected her husband's career. A recent poll by the Yomiuri Shimbun daily showed the approval rating for Mr. Hatoyama's cabinet stood at 59%, even after slipping from 63% last month. The decline was attributed to Mr. Hatoyama's policies.

Mrs. Hatoyama embodies the changes touching Japan after her husband's Democratic Party of Japan won a landslide victory in August, breaking more than 50 years of virtually continuous rule by the Liberal Democratic Party. Mrs. Hatoyama, unlike the wives of LDP leaders, has accompanied the prime minister on every foreign visit and appeared in a fashion show holding hands with him.

While she says she doesn't discuss policies with her husband, her active role matches the image of women that the center-left party's policies envision. The DPJ has promised to eliminate a preferential tax treatment for stay-at-home wives, and to consider allowing married women to keep their maiden names.

Mrs. Hatoyama says it is still hard for Japanese women to pursue careers while raising families. Many communities face the shortage of day-care centers, and the use of private babysitters isn't widespread, she says. Even as the breakdown of the traditional family structure makes it harder for women to rely on family members for help, "the perception still is it's a woman's job to take care of the elderly parents."

Mrs. Hatoyama has a quick wit and speaks candidly about herself and her family, and regularly creates a buzz with her unique fashion sense. She recently won an annual award from the Japan Jeans Association, a trade group, for being the best dresser in jeans, and once showed off a skirt that she had made herself from a hemp coffee bean bag bought in Hawaii.

Calling herself a "life composer," she has written several books on cooking and entertaining a la Martha Stewart.

What fascinates many Japanese, particularly women, is Mrs. Hatoyama's relationship with her husband. In a society where people tend to keep work and family separate, and men and women socialize in their own circles, the Hatoyamas have made an impression by being together virtually all the time. A national daily calculated that Mrs. Hatoyama joined her husband at eight of his first 13 restaurant meals as prime minister, including four occasions with members of his cabinet.

Mrs. Hatoyama said that the seemingly equal partnership she has with her husband may flow from the years they had spent in California as a young couple. He studied operational engineering at Stanford in the 1970s and received a Ph.D. She worked at the jewelry counter at Macy's after divorcing her first husband who was a chef at a Japanese restaurant in San Francisco.

"Most men think it's embarrassing to hold hands [with his wife] in public, but it comes naturally to Hatoyama," she said, seated in the lounge of the prime minister's residence, wearing a knee-length skirt puffed up at the hem like a balloon.

Meanwhile, Mr. Hatoyama, 62, is known to help out with housework, a habit considered unusual among Japanese men of his generation. Mrs. Hatoyama says even after becoming prime minister, her husband still does the dishes. She worries it will hurt her tall husband's back because the kitchen counter in the prime minister's residence—a 1920s Art Deco building that retains original features—is very low.

—Miho Inada contributed to this article.

A look at some of Japan's past first ladies

Umeko Ito (1848-1924)

Wife of Hirofumi Ito (prime minister from Dec. 22, 1885-Apr. 30, 1888, Aug. 8, 1892-Aug. 31, 1896, Jan. 12, 1898-June 30, 1898, Oct. 19, 1900-May 10, 1901): Mrs. Ito is said to have worked as a geisha before marrying Mr. Ito, who divorced his first wife to marry her.

Kaoru Hatoyama (1888-1982)

Wife of Ichiro Hatoyama (Dec. 10, 1954-Dec. 23, 1956): Mrs. Hatoyama was an educator and served as the headmaster of a private women's university. Miyuki Hatoyama writes in her book that Kaoru was the first one who approved Yukio marrying Miyuki, who was older than her husband and divorced from her first husband.

Mutsuko Miki

92 years old, wife of the late Takeo Miki (Dec. 9, 1974-Dec. 24, 1976): Being politically active, Mrs. Miki was involved in promoting goodwill with North Korea. Mrs. Miki met the late Kim Il Song and is said to be the last Japanese who met him, according to the National Policy Research Institute, which was set up by Mr. Miki in 1963. Mrs. Miki serves as a director.

Akie Abe

47 years old, wife of Shinzo Abe (Sept. 26, 2006-Sept. 26, 2007): Mrs. Abe, a daughter of a former president of a major confectionery firm in Japan, drew public attention as a young first lady in her 40s. Mrs. Abe often accompanied her husband on foreign visits, appeared on TV and talked about her private life on her blog.

Chikako Aso

59 years old, wife of Taro Aso (Sept. 20, 2008-Sept. 16, 2009): Mrs. Aso, a daughter of the former prime minister Zenko Suzuki, was a more typical Japanese first lady in the sense that she supported her husband in the shadow. In an interview with the magazine published by LDP early this year, Mrs. Aso said she gives him a massage until he falls asleep when he has trouble sleeping.

Source: Associated Press (photos)

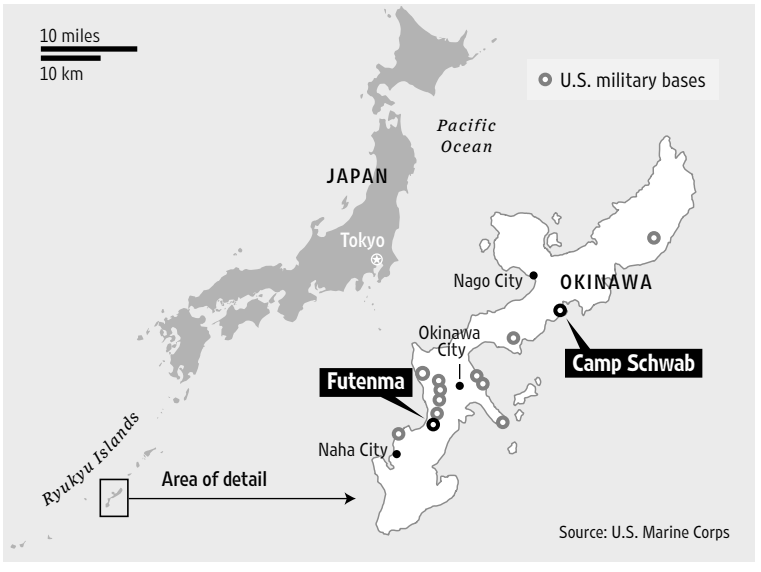
Japan postpones decision on new U.S. base

By Yuka Hayashi

TOKYO—Japan's half-century alliance with the U.S. faces further strains after Japanese leaders postponed until 2010 a decision on a contentious plan to relocate a U.S. military base.

Following weeks of thorny internal discussions, the center-left government of Prime Minister Yukio Hatoyama on Tuesday formally gave up trying to reach a consensus on the future of the U.S. air base on the island of Okinawa before year's end. U.S. officials had hoped an agreement could be reached by that time. Japanese officials say they will keep talking internally and hope to resolve the issue in coming months, perhaps by May.

A previous Japanese government reached an agreement with the U.S. in 2006 to close the Marine Corps Air Station Futenma, which is in a crowded, urban area, and build a new helicopter facility in a more-rural setting at another U.S. base called Camp Schwab. The agreement has been unpopular with some locals, who want the base off the island entirely.



Source: U.S. Marine Corps

The row over Futenma is having wider implications for Japan-U.S. relations. Talks aimed at broadening and updating their bilateral security alliance on its 50-year anniversay next year have been put on hold. "I just don't feel like holding talks over these issues until we have a resolution on Futenma," Japan Foreign Minister Katsuya Okada said last week.

Tuesday's postponement came after leaders of Mr. Hatoyama's Democratic Party of Japan held talks with two small parties that complete its ruling coalition. Both oppose construction of the new facility. The Social Democrats, one of the two partners, recently threatened to drop out of the coalition, a move that would cause the group to lose its majority in one of the chambers of Japan's parliament.

"The U.S. is obliged to make an effort to solve the problems of noise pollution and safety," said Financial Services Minister Shizuka Kamei, who leads the People's New Party, the coalition's third member. Will "relocation solve all these problems? I don't think so."

Mr. Hatoyama said Tuesday that he hoped to start negotiations with the U.S. as soon as possible to determine the future of Futenma. The government was expected to notify the U.S. of its decision later Tuesday. "We will strive to achieve what's decided by my government through negotiations with the U.S.," Mr. Hatoyama said.

U.S. officials have grown increasingly frustrated with Tokyo over the slow progress on the issue. U.S. officials reiterated their recent remarks that they are open to discussions with Tokyo but that they believed the existing plan was the best option.

"We believe that the realignment road map that we've already agreed to is the best plan for reducing the burden on the people of Okinawa while maintaining our very important security relationship with Japan," U.S. State Department spokesman Ian Kelly said Monday, in response to local media reports that a decision would be postponed. A U.S. Embassy spokeswoman Tuesday reaffirmed that position.

The 2006 agreement also calls for moving about 8,000 Marines stationed on Okinawa to Guam, in addition to other steps. The realignment had been scheduled to take place in stages from 2010 to 2014.

In late January, Nago City, the host of Camp Schwab, will hold a closely watched mayoral election. A victory by a candidate opposing the new facility will complicate the base issue.

—Alison Tudor contributed to this article.

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Associated Press

An Afghan national policeman works amid the destruction caused by a suicide car bomb detonated in Kabul. It was one of two deadly blasts in Afghanistan on Tuesday that killed at least 14 people.

Car bombings kill 14 in Afghanistan

By Anand Gopal

KABUL—A pair of car bombs killed at least 14 people in Afghanistan Tuesday, including a suicide strike that may have been targeting the country's former vice president.

The attacks come as thousands of U.S. troops prepare to deploy to the country in an attempt to quell the country's insurgency, which has continued activity despite the onset of the cold winter months.

The first blast killed at least nine people, including the suicide bomber, and injured more than 40. It took place near the house of the former Vice President Ahmad Zia Massoud, the brother of slain Northern Alliance warlord Ahmad Shah Massoud.

Mr. Massoud, who was in his own car at the time of the attack, narrowly escaped the blast, according to his aide. Mr. Massoud's home was heavily damaged, and the street nearby was strewn with shattered glass and injured people. Two of his bodyguards were killed in the blast.

Eyewitnesses said a black SUV had slowly driven to an intersection near Mr. Massoud's house and then exploded. "I heard a loud blast, and the whole earth shook," said Sidiqullah, an office worker in the area who goes by one name. "I ran towards my office and there were bodies everywhere."

A number of other houses in the neighborhood were severely damaged in the assault. All of the dead and wounded were either civilians or private security guards, police officials said.

In a separate attack in the southeastern city of Gardez, a remote-controlled car bomb exploded in the parking lot of Development Alternatives Inc., a development consulting company associated with the U.S. Agency for International Development, a U.S. government organization that is responsible for most of Washington's nonmilitary foreign aid. The blast killed five people, including one Nepalese man, said provincial police chief Aziz Ahmad Wardak.

When the Kabul blast happened, Afghan President Hamid Karzai was launching a three-day conference aimed at fighting corruption, a move hailed by Western officials as a sign that the government is getting serious about battling graft. U.S. officials say government venality is one of the factors that drive Afghans to join the insurgency.

But Mr. Karzai used the occasion to defend the mayor of Kabul, who was convicted last week of embezzlement and given a four-year prison sentence. "I know the mayor. He is a clean person," Mr. Karzai said in a speech.

The president's defense could upset some of Mr. Karzai's Western backers, who had seen the mayor's arrest as a sign that serious anti-corruption measures are being enforced.

U.S. pressures Pakistan on Taliban enclaves

By Matthew Rosenberg

WASHINGTON—The U.S. is stepping up pressure on Pakistan to widen the scope of an offensive against the Taliban in its tribal areas, fearful that the current operation's limits could blunt the impact of the fresh American troops getting dispatched to neighboring Afghanistan.

For the past two months, Pakistan's military has been driving against Taliban hideouts in the tribal area of South Waziristan in what U.S. officials describe as a welcome campaign against the militants. But the focus of the campaign is the main faction of the Pakistan Taliban—an offshoot of the Afghan movement; Afghan Taliban havens in Pakistan's northwestern tribal areas and southwestern province of Baluchistan haven't been attacked.

With those sanctuaries intact, "our fear is that no matter how many boots we put on the ground [in Afghanistan], the enemy still has a place from where it can regroup, rearm and strategize," said a senior U.S. military commander overseeing operations in Afghanistan. To change that, "there will be a concerted diplomatic effort to address the sanctuary problem," said a senior U.S. official in Afghanistan.

But Pakistan so far has no plans to move against Afghan Taliban havens in its territory, say officials from both countries.

"It would be very helpful if additional pressure could be put [by Pakistan] on the leadership elements that are causing problems in Afghanistan," Gen. David Petraeus, the chief of the U.S. Central Command, told reporters Sunday at a security conference in Bahrain.

> U.S. allegations that Pakistan tolerates the Afghan Taliban are routinely denied by Islamabad.

Pakistani officials say the militants attacking their own people must be their primary focus. They also fear the U.S. surge could further destabilize Pakistan by angering the 27 million ethnic Pashtuns who straddle the border. The Taliban is overwhelmingly a Pashtun movement.

"The U.S. wants the Pakistani military to fight all Taliban factions ... without an understanding of the ground reality," complained a senior Pakistani military official.

Prime Minister Yousuf Raza Gilani told reporters over the weekend that Pakistani forces may soon move on another tribal area, Orakzai, where the bulk of the South Waziristan faction's leadership and foot soldiers are believed to have sought refuge.

He made no mention of the two main Afghan insurgent groups the Americans want targeted: the Quetta Shura, the overall Taliban leadership council headed by Mullah Muhammad Omar, which U.S. officials say is based in Baluchistan; and the Haqqani network, based in North Waziristan.

The offensive in South Waziristan "is a start, from our point of a view. It's a positive development," said the U.S. military official.

"But Pakistan's military leadership needs to act against the Quetta Shura Taliban" and the Haqqani network, the official said. "We're trying to make them realize you can't eliminate one and leave the other in place."

Washington has tried in recent months to woo Islamabad with a series of public carrots and private sticks. A $7.5 billion civilian aid package for Pakistan was recently approved, followed by a private warning that the U.S. could soon widen the geographic scope of a campaign of missile strikes against the Taliban from pilotless drone aircraft, U.S. officials say.

U.S. allegations that Pakistan tolerates the Afghan Taliban are longstanding, and routinely denied by Islamabad. But the American complaints have become sharper and more widespread since the start of latest U.S. Afghan strategy review in September. The review culminated with President Barack Obama's Dec. 2 speech announcing the deployment of about 30,000 more American soldiers and Marines to the region.

U.S. commanders are under tremendous pressure to show progress before July 2011, when Mr. Obama said American forces would slowly begin pulling back from Afghanistan.

The success of the new strategy depends on whether Pakistan "is willfully onside or not. If they are willfully onside, things will be good. Otherwise, things will be tough," said the U.S. military official. "Right now, with respect to the Afghan Taliban, they are not on the right side."

Pakistan supported the Taliban government of Afghanistan before the Sept. 11, 2001, attacks, after which it backed the U.S.-led invasion that toppled the regime.

But U.S. officials believe Pakistan still has limited ties to the Taliban, hoping to use the militants as a lever to maintain its influence in Afghanistan and keep archrival India from deepening its ties to Kabul.

Pakistan denies any links to the Taliban. "For us, a terrorist is a terrorist, whether he operates on this side of the border or that side of the border," Foreign Minister Shah Mahmood Qureshi told reporters at the Bahrain security conference.

Despite the rancor, U.S. and Pakistani officials insist relations at the highest levels remain good, noting that cooperation has increased dramatically in the past two years.

The U.S. diplomatic push began in late November when U.S. National Security Adviser James Jones traveled to Pakistan to personally deliver a letter from Mr. Obama to Pakistani President Asif Ali Zardari.

On Tuesday, a suicide car bomb near the home of a Pakistani politician in Punjab killed 22 and wounded 70 others, the Associated Press reported.

—Anand Gopal in Kabul and Zahid Hussain in Islamabad contributed to this article.

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Microfinance grows along with rivals

Small credit lines were supposed to trim use of high-interest loans in India's rural areas, but moneylenders flourish

By Ketaki Gokhale
Mahabubnagar, India

The practice of making tiny loans to poor people, or microfinance, was supposed to help drive traditional village moneylenders from rural India.

Instead, traditional moneylenders, who typically charge high interest rates, are thriving, even in areas most heavily targeted by microfinance, which was begun as a way to help combat poverty by granting the poor access to capital to start businesses. Muhammad Yunus, the Bangladeshi founder of microfinance, won a Nobel Peace Prize.

Even as the government and nonprofit organizations came together to create the Indian microfinance market in the 1990s, traditional moneylenders' share of total rural Indian household debt grew to 29.6% from 17.5%, according to a government survey. Another recent survey by the Reserve Bank of India found that between 1995 and 2006, the number of registered traditional moneylenders increased 56% to 19,627 from 12,601. Though much harder to quantify, unlicensed lenders are believed to have made similar gains, the survey says.

One potential reason for their growth: Some microfinance borrowers say they need village moneylenders to help them pay their debts on time. Some academic researchers believe the moneylenders are keeping afloat many microfinance groups.

Peer pressure to pay back microfinance loans is intense, because microlenders almost always require borrowers to join small, tightknit groups. If one member defaults, none can get another loan. Microloans have a stellar repayment rate—close to 100%—and some analysts believe a hidden reason is the stopgap provided by moneylenders.

Microfinancing has boomed in recent years. Though founded as nonprofits, the Indian microfinance industry has been turbocharged by private-equity firms, nearly doubling in the year ended March 31, delivering $2.5 billion in loans. Many microfinance lenders have recently registered as for-profit finance firms with the Reserve Bank of India, the Indian central bank, giving them wider access to funds but limiting them to "reasonable" interest rates. Those rates are still high—between 20% and 40% annually, according to the Consultative Group to Assist the Poor, or CGAP, hosted at the World Bank.

But the rates are still lower than those offered by the traditional Indian moneylending industry, a chaotic jumble of pawn brokers, gold merchants and other private moneylenders—some licensed, most not. For centuries they have monopolized rural Indian credit markets but have been accused of fleecing people who don't have access to formal banking by charging exorbitant rates and seizing all their belongings as collateral. They typically charge between 24% and 120% annually, according to CGAP.

Proponents of microfinance say people deeply in debt to moneylenders can now refinance their loans with a lower interest rate offered by microlenders. They also say it has improved health and education levels among the world's poorest and has empowered women.

Sanjit Das for The Wall Street Journal (2)

Baleshwari, above right, and her family have two microfinance loans, but they use higher-interest credit from moneylenders to help repay them. Women, right, exchange money in a microfinance group meeting in Mahabubnagar, India.

A new study from the Abdul Latif Jameel Poverty Action Lab at the Massachusetts Institute of Technology shows that households with existing small businesses or a high propensity to start one benefit from microfinance—they use the loans as investments. The study also found that these households cut back on "frivolous consumption," such as alcohol and tobacco, in order to divert more funds for investment purposes.

Here in Mahabubnagar, a city of migrant workers that has one of the highest concentrations of microfinance in Andhra Pradesh—and one of the highest concentrations of moneylenders—M. Murlidhar owns a traditional moneylending business. He says people are "repaying their loans faster," and that the "overall rotation of money in society has been increased" by the advent of microfinance and government lending programs.

The city has 50 registered moneylenders, and an unknown number of unregistered lenders. On the town's main drag stand prominent offices for virtually every kind of lender from moneylenders and microfinance companies to chit funds, a sort of savings club that auctions its funds to the highest bidder. Locals say lending is so frothy that it is possible to get day loans in the vegetable market that provide 100 rupees in the morning that have to be repaid with 10 rupees interest by dusk. More than 80% of registered moneylenders in Jadcherla, the nearby lending center for the district, launched their businesses after 2000, when the number of microfinance lenders began to skyrocket.

One lender, who wished to remain anonymous because his business is unregistered, gives borrowers short-term, collateral-free loans "as quickly as an ATM gives money," he boasts. Interest sometimes has to be paid on a daily basis and works out to an annual rate of 48%.

The poor use his loans as a stopgap when they can't make their weekly microfinance repayments because their income was less than expected, he says.

In Hanuman Nagar, a slum nestled under a highway, the moneylenders are virtually indistinguishable from the microlenders. They distribute knock-off versions of the microlenders' passbooks. Some use the same weekly repayment structure and door-to-door service as the microlenders do.

The difference, however, is that the moneylenders give loans faster, without asking the women to form groups and serve as each other's guarantors, as microfinance lenders do in order to ensure a higher repayment rate. They also charge significantly more than the four microlenders serving the neighborhood.

Baleshwari, 23 years old, and her sister Balamani, 40, started taking microcredit two years ago when their father, the sole breadwinner, died. Between the two of them, they have taken loans from four different microlenders and owe payments totaling 4,430 rupees, about $95, each month. During the monsoons, when their combined monthly income, drawn from selling bamboo baskets and catering food, dips to about $65, they turn to the local pawn broker for short-term loans to cover their microfinance debt. The interest rates she pays to pawn brokers range from 36% to 48%, she says, and she had to put up gold jewelry as collateral. Her microfinance loans have interest rates of 18% and 24%.

"Group pressure makes us go to moneylenders" to cover their microfinance loans, says Baleshwari, who goes by only one name, as does her sister. "We get small loans for 15 days to fill the gaps when we can't pay. If you lag behind, the rest of the group members can't get new loans."

This dynamic is why some analysts believe the village moneylenders are actually floating the microfinance lenders.

Microlenders disagree. They say the boom in traditional moneylending has been fueled by an increase in demand for credit, and that the share of debt owed to moneylenders is up because microfinance has yet to hit maximum penetration. Some doubt that microfinance is spurring moneylender growth. Although "microfinance institutions and moneylenders offer different products, and it would be quite possible for them to work side-by-side," it doesn't imply a causal relationship, says Rachel Glennerster, executive director of the Poverty Action Lab. She suggested some borrowers may not be paying one loan with another, but using additional funds to expand businesses.

Microfinance has "introduced the concept of income generation to poor women," and also encouraged them to spend on their children's education and health, adds Padmaja Reddy, managing director of Spandana, one of the largest microlenders in India. This has "increased the overall demand for credit."

But here in Mahabubnagar, few women have started their own businesses. Some of those in business have to rely on moneylenders. Microloan repayments begin the week after the loan is disbursed and continue with weekly payments. Most businesses don't produce instant profits, and many are seasonal, so moneylenders can help when funds are tight.

Where microlenders, relative newcomers to rural India, rely on peer pressure for repayment, private moneylenders have historically been conservative in their practices: extending loans based on an intimate knowledge of people's finances, and building their client bases over many years, says Sridhar Tadepally of Villages in Partnership, a Mahabubnagar-based development organization.

But since microfinance took off in Mahabubnagar, he has seen moneylenders start to "adopt the methods of microfinance"—small loans, large volumes and regular repayments—"to scale up their business."

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Online today: See photos from the moneylending business in Andhra Pradesh at **WSJ.com/Currents**.

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Thais seek clues about seized arms cache

By Patrick Barta And Daniel Michaels

BANGKOK—Thai investigators searching cargo seized from a plane from North Korea have found weaponry that includes missiles uncommon in Southeast Asia, adding to suspicions that the arms were destined for the Middle East or elsewhere.

Thai government spokesman Panitan Wattanayagorn said the cache—taken from a plane from Pyongyang that stopped in Bangkok late Friday to refuel—included shoulder missiles as well as large rockets, electronics and fire-control systems that "seem to be quite sophisticated." Although inspectors are still working to fully identify the weapons, in Southeast Asia "we don't have these kinds of rockets," he said.

For days, weapons experts have speculated about the 35-ton cargo, which was confiscated after Thai authorities detained the plane and its five-member crew.

Initially, Thai investigators uncovered explosives, rocket-propelled grenades, and parts for surface-to-air missiles. On Tuesday, they continued examining the 140 or more boxes in the cargo bay—a process expected to take several days, at least.

The cargo's final destination isn't clear. Some analysts said the arms might have been intended for Myanmar, a Thai neighbor that has demonstrated closer ties with North Korea in recent years and is at risk of ethnic unrest before a national election planned for next year. While Myanmar remains a possible buyer, Mr. Panitan said that the arms investigators have seen are more commonly used in the Middle East.

Thai police continue to hold the crew members—four from Kazakhstan and one from Belarus—who were charged with illegal arms possession. They face up to 10 years in prison and have denied knowledge of the weapons, saying they thought they were ferrying oil-drilling equipment.

Another portion of the investigation is focusing on the plane itself, and who commissioned the shipment. Kazakh officials have said the impounded Ilyushin-76 transport plane was acquired in October by Air West, a small freight carrier registered in the Republic of Georgia. Efforts to reach the company have been unsuccessful.

Previously, the plane was owned by companies that the U.S. Treasury Department linked to suspected Russian arms trafficker Viktor Bout, according to AeroTransport Data Bank, an Internet service that tracks aircraft.

Using photographs of the grounded plane and information from comments by government officials in recent news reports, ATDB founder Alexandre Avrane conducted an analysis of Ilyushin-76s that could be flying now. He narrowed down the field to one specific plane that was previously operated by carriers including Centrafrican Airlines and Air Cess, which the U.S. Treasury Department has linked to Mr. Bout.

The Treasury Department's Office of Foreign Asset Control in 2005 designated Mr. Bout a war profiteer for his alleged dealings with former Liberian President Charles Taylor.

Mr. Bout is in prison in Bangkok after his arrest by Thai authorities in March 2008 on arms-trafficking charges brought by the U.S. Drug Enforcement Agency following a sting operation. The U.S. is now in a dispute with Thai authorities after a Thai court rejected a U.S. petition to extradite Mr. Bout to the U.S. for trial.

Air West has a clean record with authorities, said a Georgian aviation regulator. Giorgi Buchukuri, head of the Georgian Transport Administration, said that Air West has operated for almost three years. "It has a very good reputation," Mr. Buchukuri said. "All their paperwork is always in order."

"The Ilyushin 76 was based in Ukraine," he said.

Mr. Buchukuri said on Nov. 5, Air West signed a contract with the Ukrainian unit of S.P. Trading Ltd., a New Zealand-registered company, to operate the Ilyushin-76 aircraft. Attempts to reach S.P. Trading were unsuccessful.

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Divide deepens in bid to create new India state

By Vibhuti Agarwal

NEW DELHI—The political conflict over the creation of a new southern Indian state deepened, as the national government faced mounting criticism for its hasty decision to carve a separate state from Andhra Pradesh.

The crisis was sparked by the hunger strike of K. Chandrashekar Rao, who heads the Telangana Rashtra Samithi, a political party dedicated to the creation of the state of Telangana from what is now Andhra Pradesh. The national government a week ago acceded to his demands, saying a resolution to form the new state would be introduced in the local assembly, though it declined to provide a time frame.

The state, one of India's largest, has erupted since. In all, 146 of the state's 294 legislators have submitted their resignations. After the speaker of the assembly declined to accept them, local legislators pressed the issue Tuesday, demanding that they be allowed to resign.

The Congress party, which also rules the national government in New Delhi, holds 156 of the total seats, a majority. But even though the party's leaders in the capital supported the push for Telangana, 80 of the party's Andhra Pradesh assembly members have asked to resign, a move that would lead to the state government's collapse.

In addition, 50 legislators of the opposition Telugu Desam Party want to resign, and met on Tuesday with speaker N. Kiran Kumar Reddy. "The speaker will consult legal experts before taking any decision," said Payyavula Keshav, spokesman of Telugu Desam Party in the state capital of Hyderabad, a technology hub. Mr. Reddy couldn't be reached to comment. Also, 16 legislators from another regional party, the Praja Rajyam party, handed in their resignations.

The Telangana issue is one of the thorniest the national United Progressive Alliance, led by the Congress party, has faced since starting a new five-year term in May.

S. Chandrasekharan, director of the South Asia Analysis Group, said the central government is unlikely to face much fallout at the national level.

Future of solar power in India: cloudy

By Amol Sharma

AWAN, India—Getting money to build India's largest private solar-power plant was easy compared with getting the required 152 signatures from local bureaucrats in the state of Punjab, says eco-entrepreneur Inderpreet Wadhwa. Making a profit on the project could prove to be even tougher.

Mr. Wadhwa is the founder of **Azure Power** Inc., which built the plant on 13 acres of farmland in this village in northern India. The plant started generating power this month and was inaugurated by top Indian officials Tuesday. It is a milestone in India's push to make solar power an important contributor to its energy mix.

But the challenges Azure faced in setting up the facility and the tough economics it will have to overcome to make a profit show how difficult it will be for India to meet its target of generating 20,000 megawatts of solar power, or roughly 13% of its current national power output, by 2022.

Mr. Wahdwa thinks the government's target is overly ambitious. "Let's walk before we can run," he says.

India produces about 8% of its energy from renewable sources such as wind and hydropower. Solar power has great potential, experts say, because it can work almost anywhere in India. But it has been stifled here by the high costs of the technology and the inability of power companies to get tracts of land big enough for the large arrays of solar panels that capture sunlight and generate electricity.

The Indian government is trying to encourage more investment in solar energy by increasing subsidies for the projects and mandating that state utilities purchase solar power. Big power companies such as India's **Tata Power** Co. and **Reliance Power** Ltd. say they are planning some small solar projects, while renewable energy start-ups such as New York-based **Astonfield Renewable Resources** Ltd. are also targeting India's solar industry.

India is among the countries at the Copenhagen climate summit asking developed countries to help finance green energy projects.

Some experts say no amount of government support will help if solar technology doesn't get cheaper.

Olivier Culmann/Tendance Floue for The Wall Street Journal

Inderpreet Wadhwa, center, meets with residents of Ramdas village, who get power from his solar plant. Mr. Wadhwa, a former Oracle executive in the U.S., says he wanted to do something for rural India, where power supply is inconsistent.

"To achieve scale, you'll need private participation, and that will only happen if the projects are viable without significant state support," said Jai Mavani, head of infrastructure and government consulting at KPMG India.

Mr. Wadhwa, a 37-year-old native of Amritsar city in Punjab, founded Azure in 2007 after leaving a career in the U.S. at software giant Oracle Corp. He says he wanted to return home and do something for rural areas in India, where millions of people don't have steady electricity.

After raising venture financing and cutting an initial agreement to build the plant with the Punjab government early last year, Mr. Wadhwa set out to acquire land amid the region's wheat and rice fields. He quickly ran into a thicket of bureaucratic problems.

He had to negotiate terms of a 32-year lease with various village and district officials, then with several more officials in the state's rural land ministry. It took months and, "the price kept going up at every level," Mr. Wadhwa said.

He also needed sign-offs from the state pollution board and even the railways ministry, which had to approve his request to run a power cable under the local tracks. When the project stalled in various government offices, shadowy brokers offered to help speed up the process for a fee, but Mr. Wadhwa says he refused to pay. He ended up paying more than double the market rate for the land, roughly $420 per acre per year.

"I didn't want them to say, 'This American company is coming in taking away our land for cheap,' " he said. "The truth is, we're helping these people. The power we're generating is going to go to their villages."

Vishwajeet Khanna, Punjab's secretary of science and technology, says the Azure project has always had strong support at the highest level of the state government. He said both the government and solar companies have naturally had a steep learning curve. "This is the first project of this scale. We're very excited," Mr. Khanna said.

Mr. Wadhwa, who was an executive in Oracle's business software division, says he came back to India with the desire "to solve a hard problem" and isn't fazed by the bureaucratic hurdles. He spends most of his time on the cellphone discussing the finer points of inverters and junction boxes. On a recent afternoon he was calling state and central government ministers, arranging their trips to the plant's inauguration.

"Now I have to figure out how to build a helipad in this village," he said.

Azure started building in May and took less than six months to start generating one megawatt of power for roughly 50 villages in the area. The company plans to ramp up to five megawatts by next year, and is raising funds to build plants in the states of Gujarat and Karnataka.

After all the installation costs—including importing Chinese-made solar panels and American-made cables—Azure needs much more than the 19 cents per unit of power that the Punjab state utility has pledged to pay.

The central government may pick up the slack. The New and Renewable Energy Ministry's latest solar policy, which will be laid out in detail in January, could guarantee companies like Azure as much as 38 cents per unit of power. Mr. Wadhwa said subsidies and falling prices of solar equipment over time will make his project viable. He is hoping to break even in about six years.

Some others in the industry aren't as optimistic. Jake Saper, senior manager of global strategy at Astonfield, which has several solar projects planned in India, said the new subsidized tariff will still be 20 or 30 cents lower than the rates solar producers get paid in European countries like Greece and Italy. "Even this new tariff might not be viable," he said.

B. Bhargava, director of the renewable energy ministry, said no new money is necessary in the first phase of the government's solar energy plans, which envisions producing only 1,000 megawatts of solar power in three years. Solar-generated power will be blended with cheaper forms, like coal, so that state utilities can afford it, he said.

"We'll evaluate the success of this model and decide requirements for funds for the next phase," Mr. Bhargava said.

Workers prepare for Tuesday's inauguration of the Azure plant in Punjab state, which started generating power this month.

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WORLD NEWS

Disagreements widen in Copenhagen

Fundamental questions on emissions reductions, aid remain unanswered as heads of state begin arriving at climate talks

COPENHAGEN—The United Nations' effort to muster global action against climate change appeared to move backward Tuesday, as the world's leading economies traded barbs over the most basic questions about how to divide responsibility for curbing greenhouse-gas emissions.

Even as world leaders began arriving for the climax of the two-week U.N. climate conference in the Danish capital, disagreements deepened among negotiators for the U.S., the European Union and a bloc of developing nations led by China.

*By **Jeffrey Ball, Stephen Power** and **Alessandro Torello***

In an attempt to salvage a deal by the Friday deadline, several heads of state, including U.S. President Barack Obama, U.K. Prime Minister Gordon Brown, United Nations Secretary-General Ban Ki-moon and Danish Prime Minister Lars Loekke Rasmussen, have begun calling their counterparts in various countries, according to people familiar with the calls.

The disagreements cover elemental issues: the size of emission reductions that individual countries should take on, the amount of money rich countries should pay poor countries to help fund a cleanup, and the extent of monitoring that countries should have to accept so other nations can verify they actually are implementing whatever environmental steps they promise to take.

A new draft agreement circulated Tuesday moved backward from an earlier proposed framework—lacking any targets for carbon cuts and financing. The new draft said only the provisions were "to be elaborated" with reference to a draft issued Friday that contained a range of emissions targets.

The latest draft agreement said developed countries were historically responsible for most global emissions of greenhouse gases and so "must take the lead in combating climate change" by abating their carbon emissions and providing money and technology to poorer nations. That was a bow to developing nations, following a protest Monday by members of the Group of 77, which includes poor countries as well as large emerging economies like China, India and Brazil, whose representatives briefly walked out of the talks.

"This is not a climate-change negotiation," said Janos Pasztor, director of the U.N. secretary-general's climate-change support team. "It's about something much more fundamental. It's about economic strength." Countries, he added, "just have to slug it out."

Anger and resentment that have been building over more than a decade of climate diplomacy have spilled into the open, revealing deep distrust.

An existing climate-change treaty, the Kyoto Protocol, requires developed countries that ratified it to cut their emissions by a collective 5% below 1990 levels by 2012. But that accord doesn't curb greenhouse gases from the world's two biggest emitters, which together account for 40% of greenhouse-gas emissions. China, as a developing country, isn't required to cut its emissions, and the U.S. didn't ratify the treaty. The purpose of the Copenhagen conference was to come up with some way to rein in emissions world-wide.

The U.S. and China each announced specific pledges to address greenhouse-gas emissions before the Copenhagen conference started. But the two have been locked in a standoff over the U.S.'s insistence that China commit to a legally binding agreement—a step China has resisted—and the degree to which China's actions should be open to international review.

Developing countries argue that wealthy nations have reneged on past pledges to address climate change. In particular, China says the U.S. has failed to honor its agreement under a broad document called the U.N. Framework Convention on Climate Change to stop U.S. emissions growth and to provide money for developing countries to curb their own greenhouse-gas output. The U.S. was a party to the 1992 accord, even though the U.S. didn't ratify the Kyoto Protocol, which grew out of the framework.

Wealthy countries have "only put down beautiful words about helping developing nations," but they are "not willing to take any real action," Xie Zhenhua, the head of China's delegation at the talks."

As a result, Chinese officials have argued in recent days, China shouldn't now be expected to commit legally to a specific emission-reduction target. Moreover, China says that if it uses its own money for emission-reducing moves—as it plans to do under the targets it announced last month—it shouldn't have to submit to international verification of whether it is meeting those targets. China argues that the framework convention protects it from such verification.

The U.S. says it has lived up to its commitments under the framework convention. At issue is a seemingly arcane detail that has taken on great symbolic importance in the climate talks: the fact that the U.S. changed the year against which it measured its emission-reduction pledges. It moved that "baseline" year to 2005 from 1990, in effect giving itself a higher emissions ceiling from which to reduce.

Todd Stern, the top U.S. climate negotiator, agreed the U.S. made that change, but he said it wasn't important and wasn't technically a violation of the framework convention.

"It's only in the hermetically sealed world of global climate-change negotiations that measuring your reduction from" 1990 instead of 2005 "would be treated as sacrosanct," he said. "The reality is we didn't become part of Kyoto, and the framework convention has a 1990 baseline. But it was in a nonbinding, aspirational context."

Mr. Stern said Friday's scheduled gathering of world leaders, including President Obama, will increase pressure on negotiators to reach some sort of agreement.

"Everybody who's got their boss coming is particularly keen to have things in as good a shape as possible. So I think it's putting pressure, but I think probably pressure of a salutary kind," Mr. Stern said.

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WORLD NEWS

Mumbai terror plan known by accused, U.S. documents say

By Evan Perez

A Chicago businessman was briefed about the November 2008 terror attacks in Mumbai days before they were carried out, new documents filed by U.S. prosecutors allege.

Tahawwur Hussain Rana, a Canadian national living in Chicago, was charged with terrorism-related offenses in October, along with David Headley, in an alleged plot to attack a Danish newspaper that published satirical cartoons of the Prophet Muhammad. The new documents were filed in response to the businessman's petition for bond.

U.S. prosecutors have also charged Mr. Headley with carrying out surveillance of Mumbai targets for the 2008 attacks. They say the probe into Mr. Rana is continuing.

Prosecutors cite wiretapped conversations between Messrs. Rana and Headley as evidence that Mr. Rana knew about the Mumbai attacks in advance, according to documents filed Monday seeking to detain Mr. Rana pending a trial. Later, Mr. Rana sent a compliment to the Pakistani militant who directed them, prosecutors allege.

Attorneys for Mr. Rana have denied the charges. They say Mr. Rana was "duped" by Mr. Headley and argue that his clean criminal record and nonviolent views qualify him to be freed on bond. Mr. Rana's bond request will be heard Tuesday in federal court in Chicago. An attorney for Mr. Rana didn't respond to a request for comment on the government's latest allegations.

Mr. Rana ran several businesses, including a meat processing plant and an immigration-law office.

Mr. Headley is cooperating with investigators, according to prosecutors. Mr. Headley's attorney didn't respond to a request for comment.

The U.S. government documents cite wiretap information and travel records to allege that Mr. Rana met in November 2008 in Dubai with a former Pakistani military officer, nicknamed Pasha, whom U.S. prosecutors charged with conspiracy in the plot against the Danish newspaper.

During a car ride in September 2009, Messrs. Rana and Headley appear to discuss how Mr. Rana learned from Pasha about the Mumbai plot, according to translations of the conversations wiretapped by the government and cited by U.S. prosecutors. Mr. Rana described how he learned the attacks were under way as he traveled to China on his way back to the U.S. from Dubai, the government documents say.

Prosecutors also alleged that Messrs. Rana and Headley discussed possible terror targets in addition to Mumbai, including one in Denmark and several in India. The Indian targets included a religious temple, the national defense college, the Shiv Sena political party, and Bollywood, the Indian film industry centered in Mumbai.

Obama aims to simplify sharing of threat-clues

By Cam Simpson And Siobhan Gorman

WASHINGTON—The Obama administration is about to announce that it plans to make it easier for local, state and federal authorities to share clues that could thwart potential terrorist attacks.

At issue are the reams of reports, guidelines and advisories produced across the U.S. government every day that aren't sensitive enough to get classifications such as "top secret," but are still too sensitive to make immediately available to the public.

Right now, government agencies use a tangle of more than 100 categories for this sort of sensitive information. By one count, there are 117. Many of the categories have their own rules for how the information can be shared both inside and among agencies.

That red tape can contribute to keeping information from officials who could help connect dots and deter a terrorist attack, officials said.

President Barack Obama has ordered his staff to craft an executive order to consolidate those categories down to one, "Controlled Unclassified Information," according to a White House official involved in the effort.

The executive order will also create a standardized set of rules for handling and sharing such data within all agencies, the official said.

The Obama administration also will announce that it is expanding a program that collects and analyzes potential terrorism tips from local police officers, so that, by 2014, all U.S. states will have the capability to analyze that data and share it with other states and the federal government, a senior homeland security official said.

The effort will take two to four years because it involves training analysts and setting up technology in 50 states, officials said.

Mr. Obama in May asked Homeland Security Secretary Janet Napolitano and Attorney General Eric Holder to lead a task force to study barriers to sharing sensitive information that still exist long after the Sept. 11, 2001, terrorist attacks. The failure of agencies to share information about the Sept. 11 hijackers and the conspiracy was later seen as a serious problem across the government.

The effort could become more urgent in the face of a spate of cases this year involving home-grown terrorist threats.The executive order will aim to make some information more available to the public when it is no longer sensitive, the White House official said. Officials said they would announce their intent to protect information "only where there is a compelling requirement to do so."

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The Atlantis Hotel overlooks the Palm Jumeirah, where prices for luxury villas are moving up off their lows.

Getty Images

Bargain hunters take a look at Dubai

Real-estate brokers say Dubai World's woes have sparked interest for deals as prices remain off their 2008 peak

By Stefania Bianchi

DUBAI—Amid international worry over Dubai's debt load, property investors are giving this city-state a second look.

Last month, Dubai sent global markets into a swoon after announcing a standstill to debt payments for its flagship corporation, Dubai World. The group said it would seek to restructure $26 billion in debt, including that at two of its property developers, which have been caught in a real-estate crisis. This week, Abu Dhabi stepped in with a $10 billion bailout for the conglomerate, which has helped ease concerns over Dubai's debt levels.

Though a property-price rebound may be years away, real-estate brokers said the international headlines have triggered a bout of interest by bargain hunters.

After the emirate opened parts of its property market to foreign buyers in 2002, prices climbed, fueled by speculative buyers, over-the-top development and light regulation.

Today's prices are back at 2007 levels, about 50% lower on average in many cases than the market's peak in 2008. That is a buying opportunity for many.

Emirati businessman Obeid Mohammed recently bought four villas for a total of $1.7 million, just a little shy of half the $3.3 million he would have paid at the peak. He said he is looking for more deals.

"If I find a good location and a good investment, absolutely I'm going to buy," he said. "Dubai is one of the great cities in the world. It's like New York. New York is New York, even if it falls down, it's New York. Well, Dubai is Dubai."

Tom Bunker, a sales consultant at Betterhomes, one of Dubai's largest real-estate brokers, said, "There is a renewed sense of interest in Dubai."

Mr. Bunker said property on the Palm Jumeirah, the palm-tree-shaped island packed with luxury villas and unfinished hotels, is attracting the most attention. Prices are rising from their lows, he said.

A three-bedroom apartment on the Palm listed for just over $1 million at the height of the boom. It fell as low as $700,000 and is now being listed at almost $850,000.

Brokers said potential buyers are looking at the emirate as a long-term investment and a place to settle down, rather than a chance to make a quick return.

"Speculators left the market a long time ago," said Vincent Easton, sales director at the Dubai office of the Engel & Volkers property agency.

The latest quarterly Knight Frank Global House Price Index, published last week, said Dubai's was the worst performing real-estate market in the world this year. But in the months just ahead of the Dubai World announcement, prices had been showing signs of stabilization, even modestly recovering in some developments.

Property consultancy Colliers International in November said prices for residential property at developments open to foreigners climbed 7% in the third quarter, the first rise since the start of the slump. The consultancy also said the number of market transactions rose 64% during the quarter compared with the three months to June.

Amid the downturn, activity in the emirate's rental market, where prices also have slumped close to 50%, has remained steady, brokers said. Betterhomes said its leasing transactions rose 8% from October to November.

Still, analysts and even some normally exuberant real-estate executives don't predict a quick recovery, with many saying it could take years to see 2008 prices again.

Dubai's debt woes could slow any recovery by sapping confidence and drying up local credit on default worries. Experts cite oversupply and the lack of liquidity as the biggest concerns for 2010.

In October, investment bank UBS predicted that prices could slip a further 30% over the next 18 months and may take at least 10 years to recover to peak levels. The bank said it is unlikely to change this estimate.

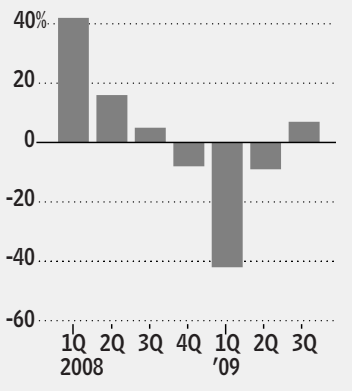
Despite that, some overseas buyers are trawling the Internet to see what bargains are available.

Rightmove Overseas, the international arm of British property Web site Rightmove, recorded an almost threefold rise in the number of searches for property in the emirate in the days following the Dubai World news, compared with the previous week.

"It's driven by the curious, looking to see what their money could buy," said Robin Wilson, head of overseas property for Rightmove.

Dubai's ups and downs

Quarter-to-quarter change in the Colliers International Dubai House Price Index



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Banker Baiting 101

The Obama Administration desperately wants a strong economic recovery, or so it says, but does it have any idea how to encourage one?

It says it wants job growth, but its policies keep raising the cost of creating new jobs. It says it wants small business to take risks, but it keeps reducing the rewards if those risks succeed. And it says it wants banks to lend more money, even as it keeps threatening to punish bankers if they make too many bad loans or make too much money.

The last contradiction is again on display as President Obama rolls out his latest populist blame-the-bankers campaign. This is becoming a White House financial staple. Amid Democratic panic over 10% unemployment heading into an election year, the President is attempting a double populist play: Blame the bankers for causing the financial crisis and recession by lending too much, and blame them again for causing high joblessness now by lending too little.

"I did not run for office to be helping out a bunch of fat cat bankers on Wall Street," Mr. Obama said in an interview on CBS's "60 Minutes" on Sunday. "They're still puzzled why it is that people are mad at the banks. Well, let's see," he said. "You guys are drawing down $10, $20 million bonuses after America went through the worst economic year that it's gone through in—in decades, and you guys caused the problem. And we've got 10% unemployment."

He followed up that warm encouragement Monday by hauling the bankers in to the White House to receive the command that "we expect an extraordinary commitment from them to help rebuild the economy."

> Obama's latest populist turn won't help the recovery.

This blame-the-bankers rhetoric is worse than a distraction as the recovery tries to gain solid footing and become a durable expansion. It risks obscuring two critical and related problems: Federal policy is discouraging both lending and borrowing.

If there is a lack of lending by banks to small businesses, the President might consider cutting out the CEO middlemen and speaking directly to the regulators who work for him, as well as to the Federal Reserve Chairman he recently nominated for a second term.

Forcing banks to write down the value of small-business loans that are still performing has become the specialty of bank regulators who are now trying to make up for the bubble years. Whenever a commercial building serves as collateral, no matter the quality of the borrower, the loan becomes suspect. The result is a reduction in bank capital, a disincentive to make the next loan and perhaps even a calling of the loan, forcing a sale of the property.

Meanwhile, Fed Chairman Ben Bernanke's near-zero-rate interest policy encourages banks to borrow cheaply and then invest in safe long-end Treasurys instead of riskier commercial loans. The Obama Treasury has explicitly supported this Fed policy as a way for banks to play the yield curve to rebuild their balance sheets.

But if Mr. Obama wants the banks to lend more, he should tell the Fed to start to rein in its excessively easy credit now that the financial crisis is over and the economic recovery is gaining steam. The longer the Fed keeps rates artificially low, the longer banks will get used to this implicit subsidy and the rougher their adjustment when it inevitably ends. Meanwhile, weren't higher bank profits to raise capital a major goal of the bailout?

Regarding small business, not everyone agrees that lack of credit is the main economic problem. William Dennis of the National Federation of Independent Business says that for most small companies the problem is a lack of customers, not credit. "There aren't a lot of folks who want to borrow. Our challenge is getting people in the front door," he says.

Mr. Dennis reports that small-business owners are much more concerned about other Washington issues, namely the uncertainty created by the Obama policy agenda: When will the taxes arrive to pay for Washington's spending binge? How much will health-care reform cost? What will be the impact of cap-and-trade legislation to address climate change?

Mr. Obama summed up his White House meeting with the bank CEOs by suggesting that they have an obligation to support new regulation being written by Barney Frank (D., Mass.) and Senator Chris Dodd (D., Conn.).

You have to smile at that irony. No two Members of Congress did more to encourage the financial crisis, by preventing reform of the government-sponsored housing behemoths Fannie Mae and Freddie Mac. By ignoring Washington's role in creating the credit mania, Mr. Obama is hardly offering confidence that his financial reform efforts will prevent a repeat.

Yet none of this seems to count for much at a White House that is reading the polls and sees a political opening because bankers aren't popular. Someone in that power palace ought to consider that you don't encourage capitalism by beating up capitalists, and you aren't likely to encourage more lending by whipsawing lenders.

North Korean Arms Lesson

Kudos to the government of Thailand for doing its part to enforce United Nations sanctions on North Korea. Acting on a tip from the United States, authorities this weekend seized a 35-ton haul of arms and explosives on a plane bound to points unknown from Pyongyang. It's ironic, though, that this sanctions victory comes at the same time the U.S. is busy making new overtures to Pyongyang.

The seizure of the plane's cargo marks the second time in six months that a government has stepped in to enforce June's Security Council Resolution 1874; the United Arab Emirates seized a cache of weapons from a ship destined for Iran in August. That resolution empowers U.N. members to confiscate North Korean arms exports, though it doesn't require them to do so. In July the U.S. Navy trailed a North Korean ship suspected of carrying illicit arms exports to Burma, though the Korean vessel was eventually allowed to return home without being boarded.

This is an improvement in enforcement, given that before the summer North Korean shipments were seized only once every year or two. But it is still only a fraction of the likely volume of exports. Kim Jong Il earns about $1.5 billion a year from arms sales, according to an estimate from the Institute for Foreign Policy Analysis in Washington. The money generally supports Kim's nuclear designs and other military programs. The weapons tend to end up in places like Syria, Burma and Iran. Because it doesn't make seizure mandatory, Resolution 1874 is at best a weak tool with which to fight Kim's arms sales.

Meanwhile, there's the matter of Kim's bad faith. U.S. envoy Stephen Bosworth was in Pyongyang trying to revive negotiations with the regime on the nuclear issue just days before the arms-laden plane took off from that city. This shipment is another reminder of Kim's willingness to flout international rules.

A sensible U.S. policy would reward and encourage other partners for stepping up their sanctions-enforcement, as Secretary of State Hillary Clinton did in praising the Thai government this week. Washington would also do well to recognize this arms shipment for the signal it is about Kim's reliability as a negotiating partner. The question as Mr. Bosworth returns to Washington is how sensible President Obama's North Korea policy will be.

Another Federal Bludgeon

In every poll and town hall meeting, Americans are demanding . . . a stronger Federal Trade Commission. Just kidding. But you're about to get a more powerful FTC anyway, so look out.

Buried in the House financial reform is a provision that would muscle up the FTC and radically expand its mission. Pushed by liberal barons Henry Waxman and Barney Frank, the language would empower the FTC to impose civil penalties on companies that are first-time offenders and make it easier for the agency to concoct new rules. The law, supported by FTC Chairman Jon Liebowitz, would also invest the agency with the power to independently litigate civil penalty cases rather than going through the Department of Justice.

> The U.S. doesn't need a bigger, badder, FTC.

The idea is to create a more activist regulatory model a la the Securities and Exchange Commission. That's not necessary: Repeat offenders can already be hit with civil penalties, and in fraud cases the FTC can get an order from a judge tying up assets, thereby making civil penalties superfluous. The FTC also has the power to pass rules for which civil penalties are the standard remedy for violation. In still other instances, Congress can specify civil penalties.

Pushing the legislation is the usual phalanx of consumer groups, including the Naderite U.S. Public Interest Research Group, which sees a new opportunity to beat up business. One of Mr. Waxman's subcommittee chairmen, Bobby Rush of Chicago, says giving the FTC enforcement powers similar to other agencies would turn it into a "lean, mean fighting machine."

More like the Incredible Hulk. Other agencies, such as the Federal Communications Commission or the SEC, have narrow targets. The FTC's authority covers multiple industries. That gives the agency less knowledge and insight into particular industries from which to operate its enforcement regime. Combining that broad mandate with independent litigating authority and other powers would open the gates to ill-considered rules. As former FTC Chairman Tim Muris told the Senate Commerce Committee in July, "rather than enhancing consumer welfare, overly burdensome rules can harm the very market processes that serve consumers' interests."

Mr. Leibowitz has called the new changes "very modest," but if he gets his expanded authority, he may need his own call center. Imaginative lawmakers will have all sorts of ideas for how to use the new powers. Earlier this year, Congress asked the FTC to make a rule addressing mortgage scams and other practices. What next? Rules for obesity, violent video games and behavioral advertising?

The liberal goal is to turn rule-making into a locus for consumer protection, an inevitably blunt instrument that will shift resources away from the FTC's traditional enforcement duties. The result will be to expand the FTC's fiefdom without enhancing its effectiveness.

For 30 years, the FTC has interpreted its mandate in a relatively market-oriented fashion, using (and occasionally overusing) its antitrust enforcement as the lever for keeping markets competitive. If it now expands into a rule-making agency, it will become one more club to beat up the private economy.

Letters To The Editor

* * *

Is This Really the Right Time to Raise Interest Rates?

David Malpass's argument, that the Federal Reserve's low interest rate policy is stifling the flow of capital to small businesses, is unpersuasive and his prescription would be damaging to the U.S. economy ("Near-Zero Rates Are Hurting the U.S. Economy," op-ed, Dec. 7).

The U.S. should not manage its monetary policy to suit the Chinese. If the Chinese are experiencing bubbles because they have to sharply expand their domestic monetary base in order to maintain the peg, that's their problem. They can't peg their currency to the dollar and maintain control of their domestic monetary policy. It's one or the other.

As for the European complaints, the euro is a freely floating currency and the Europeans allow open capital flows as does the U.S. The Chinese mercantilist, cheap yuan trade policy and capital controls transfer pressure onto the euro, as the Chinese recycle their capital surplus into euros as a means of diversifying their mountain of reserves. Contrary to Mr. Malpass's assertion, the Europeans are suffering at the hands of the Chinese not the U.S. Federal Reserve.

At its root, Mr. Malpass's argument fails because it is premised on the idea that small businesses lack access to capital because capital is being "rationed" by the Fed. Small businesses are having trouble getting capital because revenues and profits are in the tank and they are considered risky borrowers, especially with all the crazy things going on in Washington. As soon as the politicians stop threatening every small business owner with extinction, the capital supply will come forth and jobs will return.

We do not need the Fed to compound the current problems of rising taxation and regulation by repeating the other mistakes of the Great Depression, and prematurely tightening monetary policy. As of the most recent quarter, nominal GDP was down 1.9%, year-to-year, because people are hoarding money and not spending it. With the demand for money as strong as it is, this is no time for the Fed to tighten. Once nominal spending advances at a reasonable pace, then we should talk about tightening.

H. Terrence Riley III
New York

* * *

Let's Have a Better Suffix for Scandals

In response to Bret Stephens's "Climategate: Follow the Money" (Global View, Dec. 2): Why do reporters, especially those of a certain age, feel the reflexive need to append "gate" to every peccadillo that comes down the pike? Watergate happened 37 years ago. Has no one come up with a better catch-suffix since then?

If journalism needs a new/old descriptor to replace "gate," let's use "dome," as in the Teapot Dome scandal. "Climatedome" sounds much cooler.

Jack Sheehan
Minneapolis

* * *

Money Can't Buy Love in Pakistan

I'm a bit confused regarding General Pervez Musharraf's "The Afghan Solution" (op-ed, Dec. 2). He writes "Pakistan and Afghanistan were shortsightedly abandoned to their fate by the West in 1989," making the accusation that this abandonment led "to a sense of betrayal amongst the people of the region." Yet, although we send troops and shower tens of billions of dollars to assist Pakistan, most of the people there hate us anyway. We seem to be damned if we do, and damned if we don't.

Mr. Musharraf also graciously offers the services of Pakistan and Saudi Arabia in "facilitating outreach" to the Pashtuns. Excuse me, but weren't these the same countries that funded, created and Talibanized the Pashtun tribes in the first place? Thanks, but no thanks.

Reggie Sinha
West Des Moines, Iowa

Corrections & Amplifications

In a Nov. 25 interview with The Wall Street Journal Asia Taiwan President Ma Ying-jeou said that, "Whether there will be reunification as expected by the mainland side depends very much on what is going to unfold in the next decades." The article "Taiwan's Detente Gamble" (Journal Interview, Dec. 14) misquoted him as saying "decade."

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The Tehran-Caracas Axis

[Global View]

By Bret Stephens

Here's one from the Department of We Are The World: Hugo Chávez and Mahmoud Ahmadinejad will address the U.N.'s climate summit in Copenhagen. Say what you will about these two gentlemen—the support for terrorists, the Holocaust denial, the suppression of civil liberties—at least nobody can accuse them of being global warming "deniers."

On the contrary, the two leaders, who met in Caracas last month for at least the 11th time, have been nothing if not cooperative when it comes to environmentally friendly and carbon-neutral technologies. Bicycles, for instance: In 2005, Chávez directed his government to "follow seriously the project of manufacturing Iranian bicycles in Venezuela." An Iranian dairy products plant (no doubt ecologically sensitive) also set up shop hard on the Colombian border, in territory controlled by Colombia's terrorist FARC.

Then there was the tractor factory Iran built in Ciudad Bolivar. In January, the Associated Press reported that Turkish authorities had seized 22 containers labeled "tractor parts." What they contained, according to one Turkish official, "was enough to set up an explosives lab."

But perhaps the most interesting Iranian venture is a supposed gold mine not far from Angel Falls, in a remote area known as the Roraima Basin. The basin straddles Venezuela's border with neighboring Guyana, where a Canadian company, U308, thinks it has found the "geological look-alike" to Canada's Athabasca Basin. The Athabasca, the company's Web site adds, "is the world's largest resource of uranium."

In 2006, Chávez publicly mocked suspicions of nuclear cooperation with Iran, saying it "shows they have no limit in their capacity to invent lies." In September, however, Rodolfo Sanz, Venezuela's minister of basic industries, acknowledged that "Iran is helping us with geophysical aerial probes and geochemical analyses" in its search for uranium.

Getty Images

Ahmadinejad and Chávez: A new document sheds light on this radioactive relationship.

The official basis for this cooperation seems to be a Nov. 14, 2008 memorandum of understanding signed by the two countries' ministers of science and technology and given to me by a credible foreign intelligence source. "The two parties agreed to cooperate in the field of nuclear technology," reads the Spanish version of the document, which also makes mention of the "peaceful use of alternative energies." Days later, the Venezuelan government submitted a paper to the International Atomic Energy Agency on the "Introduction of a Nuclear Power Programme." (Online readers can see the memorandum for themselves in its Farsi and Spanish versions. One mystery: The Farsi version makes no mention of nuclear cooperation.)

Iran would certainly require large and reliable supplies of uranium if it is going to enrich the nuclear fuel in 10 separate plants—an ambition Ahmadinejad spelled out last month. It would also require an extensive financial and logistical infrastructure network in Venezuela, not to mention unusually good political connections. All this it has in spades.

Consider financing. In January 2008, the Bank of International Development opened its doors for business in Caracas. At the top of its list of its directors, all of whom are Iranian, is one Tahmasb Mazaheri, former governor of the central bank of Iran. As it turns out, the bank is a subsidiary of the Export Development Bank of Iran, which in October 2008 was sanctioned by the U.S. Treasury Department for providing "financial services to Iran's Ministry of Defense and Armed Forces Logistics."

Or consider logistics. For nearly three years, Venezuelan airline Conviasa has been flying an Airbus 340 to Damascus and Tehran. Neither city is a typical Venezuelan tourist destination, to say the least. What goes into the cargo hold of that big plane is an interesting question. Also interesting is that in October 2008 the Islamic Republic of Iran Shipping Lines, also sanctioned by Treasury, announced it had established a direct shipping route to Venezuela.

Finally, there are the political connections. What do Fadi Kabboul, Aref Richany Jimenez, Radwan Sabbagh and Tarek Zaidan El Aissami Maddah have in common? The answer is that they are, respectively, executive director for planning of Venezuelan oil company PdVSA; the president of Venezuela's military-industrial complex; the president of a major state-owned mining concern; and, finally, the minister of interior. Latin Americans of Middle Eastern descent have long played prominent roles in national politics and business. But these are all fingertip positions in what gives the Iranian-Venezuelan relationship its worrying grip.

Forty-seven years ago, Americans woke up to the fact that a distant power could threaten us much closer to home. Perhaps it's time Camelot 2.0 take note that we are now on course for a replay.

Write to bstephens@wsj.com

My Big, Fat Greek Cookbook

[Bookshelf]

How to Roast a Lamb: New Greek Classical Cooking
By Michael Psilakis
Little, Brown, 288 pages, $35

By Aram Bakshian Jr.

Although Greek-Americans have been heavily represented in the U.S. restaurant business for more than a century, Greek cuisine has tended to remain low on the food chain. Which is one reason why Anthos, the Manhattan eatery of chef-author Michael Psilakis, is the only Michelin-starrated Greek restaurant in America and why his big, beautifully illustrated book on classic Greek cooking is so welcome. The eldest son of Greek immigrants, Mr. Psilakis explains in his introduction that "nothing happened in our homes and in our lives—no one was born, no one died, no accomplishment was celebrated, and no occasion was marked—that did not involve food and drink." Not surprisingly, the 150 recipes in "How to Roast a Lamb" offer festive food for almost any occasion. There are even detailed instructions (U-bolt clamps, 14-gauge aluminum wire, etc.) for roasting a whole lamb, just in case there is a big, fat Greek wedding in your future. For more routine events Mr. Psilakis includes an array of game, seafood, soup, stew and salad recipes. His version of pork shish kebab, long popular among Christian inhabitants of the Balkans and brined to keep the pork juicy, offers a tasty alternative to the more familiar lamb version. His Greek salad, with roasted rather than raw peppers and a zesty red-wine and feta-cheese vinaigrette, is a superior take on a familiar stand-by. In his eagerness to innovate, Mr. Psilakis occasionally overdoes it. None but the brave are likely to go for his Octopus, Salami & Apples With Anchovy Vinaigrette, and he tends to lay on caviar as an all-purpose condiment the way some Chinese cooks pour on MSG. But most of the recipes in "How to Roast a Lamb" are appetizing, authentic and accessible to the home cook. Add in Mr. Psilakis's warm family reminiscences and you have a book that is an entertaining read as well as a valuable reference work.

Mr. Bakshian, who served as an aide to Presidents Nixon, Ford and Reagan, writes frequently on history, politics and gastronomy.

Time for a Smarter Approach to Global Warming

By Bjorn Lomborg

Copenhagen

The saddest fact of climate change—and the chief reason we should be concerned about finding a proper response—is that the countries it will hit hardest are already among the poorest and most long-suffering.

In the run-up to this month's global climate summit in Copenhagen, the Copenhagen Consensus Center dispatched researchers to the world's most likely global-warming hot spots. Their assignment: to ask locals to tell us their views about the problems they face. Over the past seven weeks, I recounted in these pages what they told us concerned them the most. In nearly every case, it wasn't global warming.

Everywhere we went we found people who spoke powerfully of the need to focus more attention on more immediate problems. In the Bauleni slum compound in Lusaka, Zambia, 27-year-old Samson Banda asked, "If I die from malaria tomorrow, why should I care about global warming?" In a camp for stateless Biharis in Bangladesh, 45-year-old Momota Begum said, "When my kids haven't got enough to eat, I don't think global warming will be an issue I will be thinking about." On the southeast slopes of Mt. Kilimanjaro in Tanzania, 45-year-old widow and HIV/AIDS sufferer Mary Thomas said she had noticed changes in the mountain's glaciers, but declared: "There is no need for ice on the mountain if there is no people around because of HIV/AIDS."

There is no question that global warming will have a significant impact on already existing problems such as malaria, malnutrition and water shortages. But this doesn't mean the best way to solve them is to cut carbon emissions.

Take malaria. Most estimates suggest that if nothing is done, 3% more of the Earth's population will be at risk of infection by 2100. The most efficient global carbon cuts designed to keep average global temperatures from rising any higher than two degrees Celsius above pre-industrial levels (a plan proposed by the industrialized G-8 nations) would cost the world $40 trillion a year in lost economic growth by 2100—and have only a marginal impact on reducing the at-risk malaria population. By contrast, we could spend $3 billion a year on mosquito nets, environmentally safe indoor DDT sprays and subsidies for new therapies—and within 10 years cut the number of malaria infections by half. In other words, for the money it would take to save one life with carbon cuts, smarter policies could save 78,000 lives.

Many well-meaning people argue that we do not need to choose between tackling climate change and addressing these more immediate problems directly. We can, they say, do both. If only that were true. Just last week, activists from the international aid agency Oxfam reported evidence that European countries were planning to "cannibalize" existing development aid budgets and repackage them as climate-change assistance. According to Oxfam, if rich nations diverted $50 billion to climate change, at least 4.5 million children could die and 8.6 million fewer people could have access to HIV/AIDS treatment. And what would we get for that $50 billion? Well, spending that much on Kyoto-style carbon-emissions cuts would reduce temperatures by all of one-thousandth of one degree Fahrenheit over the next hundred years.

David Klein

Money spent on carbon cuts is money we can't use for effective investments in food aid, micronutrients, HIV/AIDS prevention, health and education infrastructure, and clean water and sanitation. This does not mean that we should ignore global warming. But it does raise serious questions about our dogmatic pursuit of a strategy that can only be described as breathtakingly expensive and woefully ineffective.

As I write this in the Bella Center in Copenhagen, I am surrounded by delegates, politicians and activists engaged in negotiating a successor to the Kyoto Protocol. Almost every one of them is singing from the same hymn-book: The world's nations must commit themselves to drastic, immediate carbon cuts if we are to avoid the worst of global warming.

The tune may be seductive, but the lyrics don't make any sense. Even if every major government were to slap huge taxes on carbon fuels—which is not going to happen—it wouldn't do much to halt climate change any time soon. What it would do is cost us hundreds of billions—if not trillions—of dollars, because alternative energy technologies are not yet ready to take up the slack.

Over the last several centuries, the world economy has exploded and the human condition has improved immeasurably because of cheap fossil fuels; we're not going to end that connection in just a few decades. Just before the summit convened, political leaders from a number of major nations were lauded for announcing carbon-reduction targets that are in fact economically, technically, and politically impossible to achieve. We saw the same thing at the 1992 "Earth Summit" in Rio de Janeiro and then again a decade later in Kyoto. And just like the promises made back then, the vows being made now in Copenhagen are sure to be broken by future administrations. Pretending otherwise is fraudulent.

There was one positive sign in Copenhagen last week. Someone leaked a draft text of a proposed climate agreement that would break away from the deeply flawed Kyoto model (which exempted the developing world from having to promise anything) and compel both rich and poor nations alike to agree to specific carbon cuts. The leak caused great dissension and infighting among delegates, reflecting a realization—at last—that cutting carbon emissions is not going to be easy.

* * *

Of course, I would like to see the politicians move even further away from the Kyoto approach. Instead of making far-fetched promises about greenhouse gases, how about a concrete commitment to green energy research and development? Specifically, we should radically increase spending on R&D for green energy—to 0.2% of global GDP, or $100 billion. That's 50 times more than the world spends now—but still twice as cheap as Kyoto. Not only would this be both affordable and politically achievable, but it would also have a real chance of working.

In order to make this kind of shift, leaders will have to stop papering over a consistent record of failure and instead recognize that the Kyoto approach is going nowhere. In this sense, the likely failure of the Copenhagen summit could end up being a blessing in disguise. If we are serious about helping the world's worst-off inhabitants, we are going to need to rethink our approach completely.

Mr. Lomborg is director of the Copenhagen Consensus Center, a think tank, and author of "Cool It: The Skeptical Environmentalist's Guide to Global Warming" (Knopf, 2007).

India's State of Mind

By Sumit Ganguly

The uproar this week over a new state in central India lifts the lid on the often forgotten—but extremely contentious—issue of state creation in India. The proposed new state of Telangana, as it was to be known, prompted nation-wide strikes, mass resignations by government officials and violent student protests. New Delhi appears to have backed down under the pressure. But whether or not there is ever a formal state of Telangana, the statehood aspirations of India's minorities will be a hot-button issue for a very long time.

Since the 1960s, India has repeatedly allowed the redrawing of boundaries to accommodate a range of ethnic and regional demands, as long as they have not challenged the territorial integrity of the Indian Union. This week's incident was sparked by Kalvakuntla Chandrasekhar Rao, a local politician in Andhra Pradesh who threatened to fast unto death unless the government met his demand for a new state for the Telegu-speaking people.

When New Delhi signalled its readiness to accede to his demand, it set off a cascade of similar calls across the country. In West Bengal, the Gorkhas held public demonstrations to highlight their demand for a separate state of Gorkhaland. In Rajasthan, a mostly desert region which has seen little economic development, inhabitants started calling for a new state of Maru Pradesh.

To judge from the chaos, one might think that India was about to disintegrate. But federalization—the process by which a country is divided into states—is one of India's greatest strengths. This process began in the 1950s when Prime Minister Jawaharlal Nehru reluctantly permitted India's state to be reorganized along linguistic lines under the States Reorganization Act. This legislation is one of the great unheralded success stories of the Indian Union because it addressed deep-seated sentiments about guaranteeing linguistic autonomy.

Examples of its success abound: Ironically, the state of Andhra Pradesh itself was created in 1953 after a native politician, Potti Sreeramulu, embarked on a fast that led to his death to call for a separate state. In 1966, Haryana was created from the Punjab to house the Hindi speakers of the region. And more recently in 2000, the Bharatiya Janata Party-led government fulfilled an electoral promise to create three new states: Chhattisgarh from Madhya Pradesh, Uttarakhand from Uttar Pradesh and Jharkhand from Bihar.

Federalism helps reduce ethnic tensions, despite short-term wrangling.

The creation of these smaller states holds the possibility of better political representation, better governance and greater attention to local needs. In some cases state creation has even helped quell violent conflict: The state of Mizoram was created in 1987 in India's northeast, but only after the rebels there eschewed violence and abandoned their secessionist agenda. The principal guerilla leader of the movement became the chief minister of the new state after signing a peace accord with Prime Minister Rajiv Gandhi in 1986.

The State Reorganization Act works in tandem with another key policy, the 1968 "Three-Language Formula," to dissipate ethnic tensions. Designed to address the grievances of non-Hindi speakers in south India, the policy mandates that schoolchildren learn three languages: English, Hindi and their mother tongue.

Complex and layered administrative and political arrangements have enabled India to manage and contain ethnic and linguistic tensions in a country of now nearly 1.2 billion people. Indeed, when India has departed from the principles of federalism and has succumbed to centralizing propensities it has paid dearly: The Punjab insurgency of the 1980s and the onset of the Kashmir insurgency in 1989 are disquieting reminders thereof.

So although New Delhi has backtracked for now on its initial decision on Telangana and seems disinclined to consider the new state, that's unlikely to be the end of the matter. The central government will likely enter into discussions with leaders from various parts of the country seeking statehood. In some cases it may, after a period of protracted negotiations, meet some of the demands to create new states. Elsewhere it will address local grievances through increased central development expenditures, the creation of local district councils and the promise of "further study" of the ramifications of creating new states.

The errors of Punjab and Kashmir notwithstanding, India has a remarkably deft record of dealing with a host of demands for regional autonomy and even independence. Central governments have shown much skill in crafting compromises, as long as the creation of a new state did not mask a secessionist agenda. Agitation over Telangana is no different. The final chapter of the history of Indian federalism has yet to be written.

Mr. Ganguly holds the Rabindranath Tagore Chair in Indian Cultures and Civilizations at Indiana University, Bloomington.

IN DEPTH

China takes lead in green technology

Continued from first page
projects," says Jonathan Woetzel, a director in McKinsey & Co.'s China office.

China's government is backing the trend. It wants to replicate the success of the special economic zones that transformed cities such as Shenzhen from a fishing village near Hong Kong into one of the biggest manufacturing export centers in the world. Set up when China began its economic reforms in the 1980s, the zones were designed to attract foreign investment into light manufacturing to kick-start exports. They became engines of China's economic boom.

Regulators will announce several low carbon centers next year that will have preferential policies to promote low carbon manufacturing and exports.

China's goals face big challenges. China could end up becoming simply a low-cost manufacturing base, not a source of innovation. Worse, its drive to cut costs could stifle innovation overseas.

And Beijing has a long way to go to reducing China's carbon footprint. For each out-of-date power plant it shut down in a two-year cleanup campaign, it added the capacity of roughly two more. Even some of the better power plants are run poorly because company bosses don't want to pay to clean up their emissions.

In the fight against global warming, some of the biggest gains are to be made in scrubbing carbon from coal-burning power plants. China and the U.S. together have 44% of the world's coal reserves, and aren't about to give up on the cheap and reliable source of power. According to U.S. government projections, world coal use could increase nearly 50% by 2030.

"If emissions aren't reduced from power plants, global warming cannot be avoided," says Jonathan Lewis, a climate specialist at the U.S.-based Clean Air Task Force, which has sought to pair U.S. utilities with Chinese companies. "The solution can be led by the U.S. and China."

Capture technology traps carbon dioxide gasses released by coal plants. The gas can be pumped deep underground, typically into salt caverns or aging oil fields. The carbon can be stripped either before or after the coal is burned. Post-combustion capture is simpler and can be retrofitted on existing power plants. Current versions cut energy output by a fifth or more.

Far more complicated is precombustion carbon capture, which involves completely redesigning plants. Coal is turned into a gas, the carbon is stripped out and the rest is burned. Called "integrated gasification combined cycle" plants, these cost billions of dollars and haven't been developed on a commercial scale yet.

China has a technological lead in turning coal into gas. It has been using the technology widely to make petrochemicals and fertilizers as a substitute for pricier natural gas. Houston-based **Future Fuels** LLC has licensed gasification technology from China to use in a plant in Pennsylvania.

Critics say current carbon capture technologies are merely a Band-Aid for global warming. That's because they're so inefficient that even more coal has to be burned to produce the same amount of electricity. Also, the technology uses a lot of water and sequestering carbon underground isn't proven.

Still, some analysts estimate carbon capture could account for between 15% to 55% of the world's cumulative carbon emissions reduction by 2100.

Among the reasons China can move so fast is that the government and its state-owned companies can push through projects without worrying about red tape. And efforts to test new power plants face only nascent public resistance in a few rich cities. Protectionist policies also favor domestic companies against foreign competitors.

Among those leading the ramp-up is Mr. Xu. These days, he is busy with three clean coal projects. One is on the outskirts of Beijing, underneath looming cooling towers of the Gaobeidian Huaneng power plant.

Mr. Xu and colleagues work at a state-run research institute partly owned by **China Huaneng Group**, China's biggest utility. The state-owned giant produces about 10% of China's electricity, nearly all from coal.

The Beijing project, started before the 2008 Summer Olympics, traps a fraction of the carbon dioxide emitted by the plant, purifying and selling it for use in food packaging and for the fizz in sodas. Using what he's learned in Beijing, Mr. Xu is building another capture facility in Shanghai that will be 30 times bigger.

If Mr. Xu's team can figure out how to bring the costs down—mostly by recycling energy lost in the process of scrubbing out the carbon—these units could be retrofitted to coal-fired power plants around the world.

Mr. Xu is also involved in the GreenGen project, a $1 billion power plant led by Huaneng that will turn coal into a gas before burning it. The project is scheduled to go online by 2011. Burning gas is more efficient than burning coal—meaning less coal is required to make the same amount of electricity. The less coal burned, the less carbon released.

Though carbon capture has moved into the mainstream, it is still at least five to 10 years away from becoming a widespread technology, analysts say.

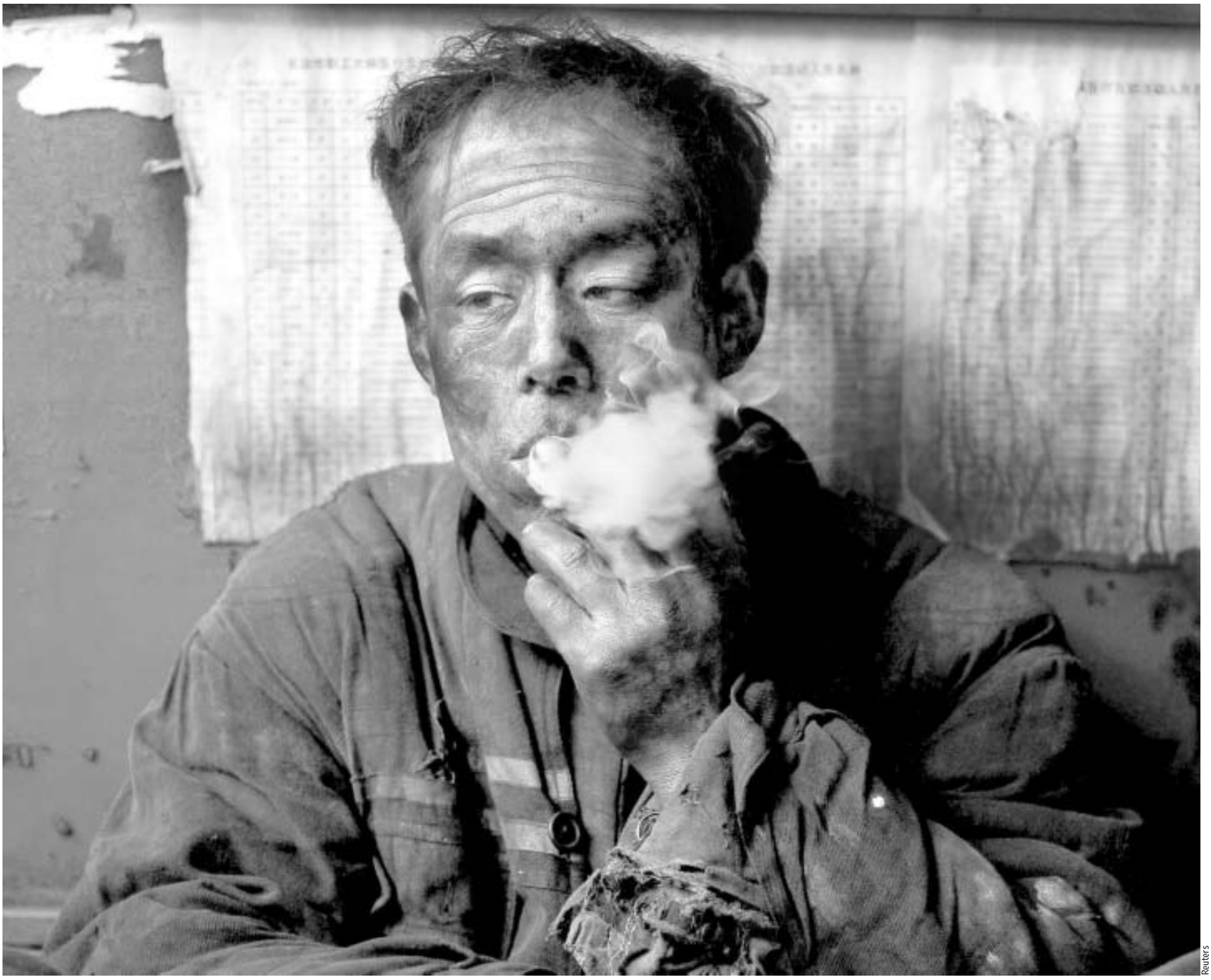
In the meantime, China is reshaping two of the biggest green technologies in use already—wind and solar power.

In 2004, foreign firms owned 80% of China's wind-turbine market, according to energy consulting firm **IHS Cambridge Energy Research Associates**. Now, Chinese companies own three-quarters of the country's market, thanks to companies which make turbines a third cheaper than European competitors.

Chinese wind-turbine makers are starting to export. In October, **Shenyang Power Group** struck a deal to supply 240 turbines to one of the largest wind-farm projects in the U.S., a 36,000-acre development in Texas.

Chinese manufacturers, such as Suntech Power Holdings in Wuxi, above, have pushed down prices of solar panels. China hopes it can reshape green technology as it has businesses such as cranes and computers. Below, a coal-powered plant on the outskirts of Linfen in China's Shanxi province.

(Top to bottom) Bloomberg News; Agence France-Presse/Getty Images



Reuters

A Chinese miner smokes during a recent break at a coal mine in Shanxi province. China, the world's biggest emitter of greenhouse gases, is turning into a key player in technologies such as carbon capture and solar panels.

China already has a 30% share of the global market for photovoltaic solar panels used to generate electricity. Solar-power panel makers, including **Suntech Power Holdings** Co., **Yingli Green Energy** and **Trina Solar** Ltd., export most of their product to Europe and the U.S., contributing to a 30% drop in world solar-power prices.

Chinese competition is forcing rivals to shift production. **U.S. Evergreen Solar** Inc. said it will move its assembly line from Massachusetts to China. **General Electric** Co. said it will shut a facility in Delaware. **BP** PLC's solar unit said this spring it would stop output in Maryland and rely on Chinese suppliers instead.

Yet, despite China's armies of fresh engineering graduates, foreign companies still create and own most of the key technologies. "China lags about 10 years behind in technology," says Bernice Lee, a research director at **Chatham House**, a London-based think tank that analyzed patent holders on renewable and low-carbon technology.

As in other industries, China's cheap manufacturing may spark protectionism. In one hint of battles to come, Sen. Charles Schumer (D., N.Y.) wrote a letter to the U.S. energy secretary protesting the use of federal stimulus money to support the $1.5 billion wind project in Texas unless it relies on U.S.-built turbines.

Critics in rich countries accuse China of unfairly subsidizing companies via cheap loans from state-controlled banks and dumping excess supply overseas.

Others say China's missteps could hurt the market for all. "China is making prices cheaper in renewables today, by lunging into oversupply, as it does in most industries," says Daniel Rosen, principal of consulting firm **Rhodium Group**. "The question—and danger—is whether by oversupplying the market today China is damaging longer-term innovation and competition in the sector for the future."

In green technology, China has figured out ways to turn excess capacity to its advantage. Until this year, China's solar-panel makers exported nearly all their output to countries such as Germany and Spain, where government supported growth in the sector.

That changed this year when solar-panel prices fell as dozens of new Chinese polysilicon-makers started operating. The sudden glut in the raw material to make solar panels coincided with a drop in orders from European companies hit by the recession. The result: Polysilicon prices fell by half from January peaks. HSBC estimates they could drop 20% more by the end of 2010.

Softening prices created an opportunity for Chinese regulators. Officials are now talking about raising solar power capacity targets five- or tenfold, so that by 2020 China could have more than double current global solar-power capacity.

Executives at Trina and Yingli say increased economies of scale from making more panels for China will push costs even lower. "We could go to $1 a watt by the end of 2010," which would be a landmark in bringing solar power in parity with conventionally produced electricity, says Yingli's Chief Executive, Miao Liansheng, a veteran of the People's Liberation Army who sold cosmetics before turning to solar panels.

"The Chinese manufacturers can now make [solar panels] a lot cheaper than Europe, the United States and Japan because the whole supply chain is now available in China," says Martin Green, who runs the photovoltaic center at the University of South Wales in Australia, a training ground for many scientists working in China's solar industry. "The Chinese are making it more affordable, and they're more adventurous in introducing new technology as well."

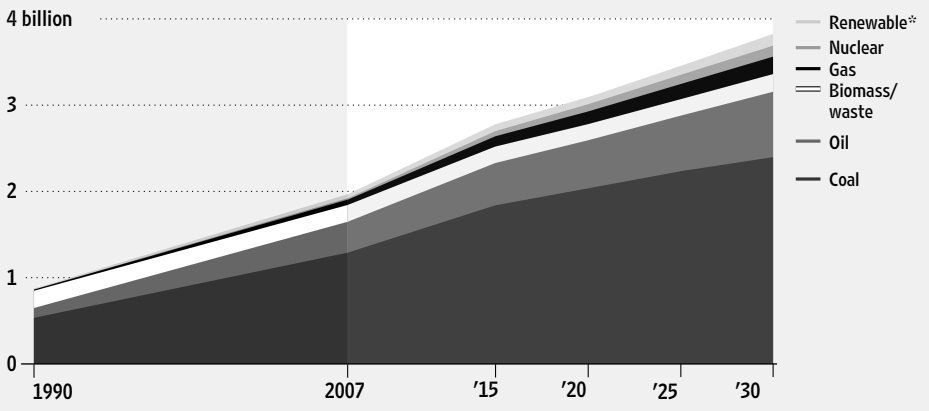
The ability to manufacture cheaply is attracting the notice of U.S. utilities. Huaneng says it can make gasification equipment cheaper than foreign rivals.

Duke Energy Corp., of Charlotte, N.C., signed a pact with Huaneng in August to share information on clean-coal technology. Duke says it would take eight years to build an IGCC plant in the U.S.—versus three in China.

Green power

While demand for renewable energy is expected to grow in China, it is dwarfed by other sources of energy.

China's primary energy demand, in metric tons of oil equivalent



Source: International Energy Agency

*Includes hydropower and other renewable energy

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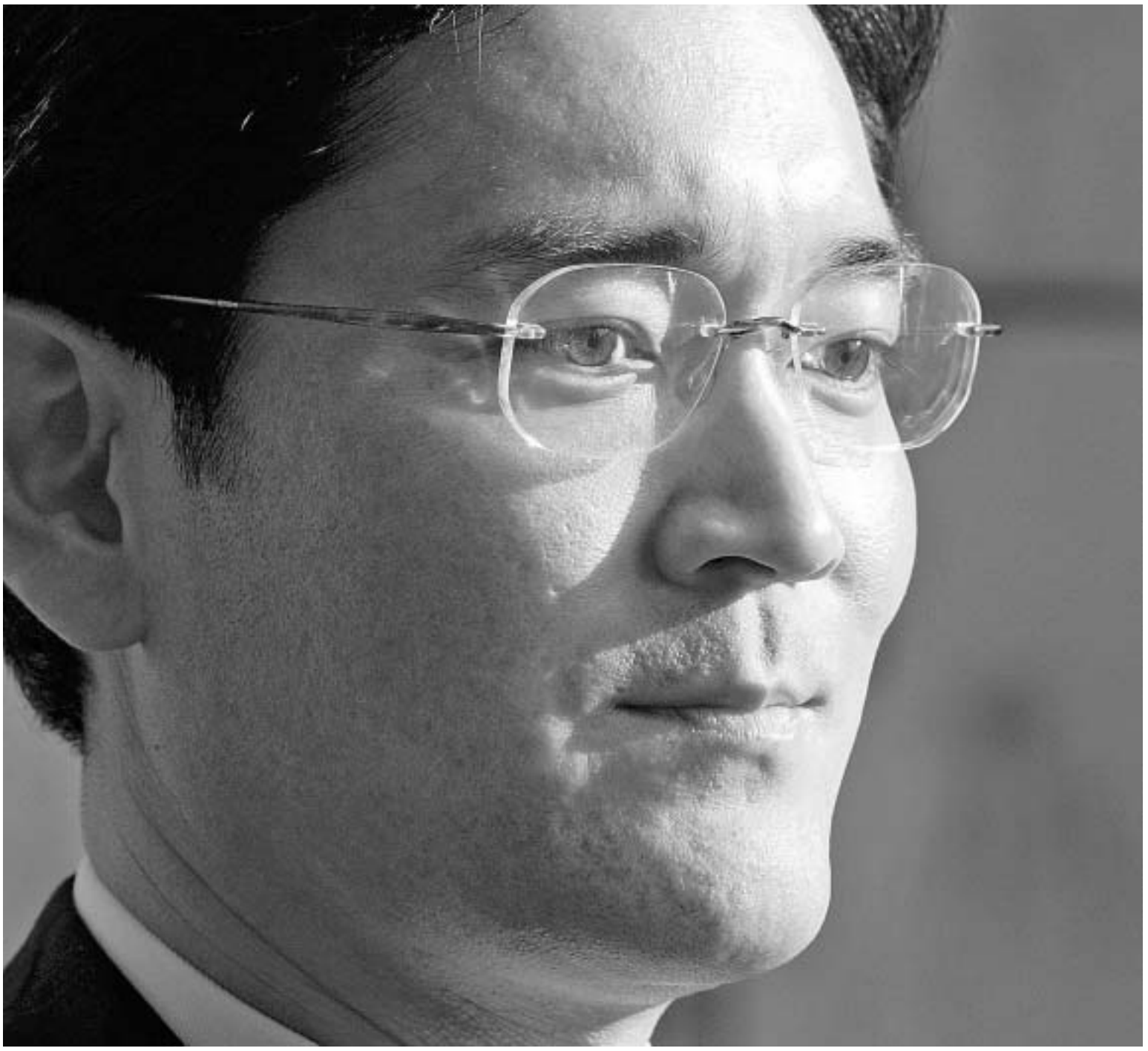

Reuters

Samsung appointed Jay Y. Lee, whose grandfather started the Samsung group of companies and whose father built them into an empire with international reach, to the new position of chief operating officer.

Samsung shuffles management

Continued from first page
ficer.

In other moves Tuesday, Samsung said it would reorganize four operating divisions into seven units that behave like standalone companies, with their own presidents and finance chiefs. It also unveiled a long-expected plan to adopt international accounting standards at the start of next year.

Samsung declined to make its executives available for comment, but a person at Samsung familiar with the thinking of the new leadership said, "We're going to be more transparent than ever."

The changes are aimed at striking a new balance between the demands of international investors for greater openness and transparency and the desire of some in the company and in South Korea to preserve some family control to serve longer-term strategic interests.

Samsung has established itself as one of the world's largest technology companies and may pass **Hewlett-Packard** Co. for the revenue crown this year or next. But even as its global profile has risen, the company has struggled to balance the competing interests of its shareholders and the founding family, which still controls about a 20% stake.

Family members recognized the dilemma and, while trying to preserve their influence, moved the company over time into the hands of professional managers. Even so, the dilemma often surfaces, as it did in Tuesday's shuffle when Samsung took pains to distinguish Lee Yoon-woo's title of chairman of the board of Samsung Electronics but vice chairman inside the broader empire.

> The elevation of Mr. Lee will cause the most discussion inside Samsung and around South Korea.

Samsung Electronics is by far the largest and most widely held by investors of the approximately 60 companies that form the Samsung empire, which include other multinational firms in shipbuilding, construction and trading as well as smaller ones in entertainment, hotels and even baseball.

Mr. Choi stood out for years among Samsung executives because of his willingness to speak out at industry conferences and other settings unfamiliar in the tradition-bound firm. Mr. Choi routinely asks people he encounters about things they like and dislike about electronics products, then tries to find out how many Samsung products they own.

During Mr. Choi's tenure as leader of Samsung's TV division, the company passed **Sony** Corp. to become the world's top seller of TVs. He moved over to the cellphone business in early 2007 and gave it a jolt. By taking over unused space he knew about in other Samsung factories, Mr. Choi ramped up phone production at low expense. Samsung surged past **Motorola** Inc. to become the second-largest cellphone company by revenue after **Nokia** Inc. later that year.

But the elevation of Mr. Lee will cause the most discussion inside Samsung and around South Korea, where the Lee family receives intense attention because it is the country's wealthiest.

Mr. Lee is considered by many South Koreans to be too young to hold a substantial role in a company. Others are eager to see the Lee family continue to exert control for fear that professional managers will be less likely to be put what's perceived as the good of Korean society ahead of the company's interest.

"People say the family influence does not go with global standards and Samsung should meet the global standards," said Lee Ji-soo, analyst at the Center for Good Corporate Governance in Seoul. "But then they say, look at some of the well-operated family companies in Europe or someplace else."

Mr. Lee is well-known within the global technology industry. But in South Korea, he kept a low profile out of deference to his father, Lee Kun-hee, who became chairman of the Samsung companies in 1987, and the controversy surrounding his father. Early last year, his father was convicted of breach of trust for the way he retained shares in certain Samsung companies and, in some cases, avoided taxes.

The elder Mr. Lee resigned from the chairmanship of the Samsung companies in April 2008, paid tens of millions of dollars in back taxes and stepped away from daily work. But the elder Mr. Lee, 67 years old, is still the top shareholder in most Samsung companies and, since South Korean tradition holds that family owners don't retire, he is perceived by many South Koreans to still wield enormous influence over them.

RBS finds potential trouble at a China unit

Continued from first page
beefing up its own standards in response to discovering the potential irregularities. "Whilst the investigation is ongoing, in the interest of our clients, we have introduced a number of enhanced measures, above and beyond industry best practice, to provide additional safeguards for our clients' accounts," ABN Amro said in its statement, without detailing those measures.

A European banker based in Shanghai said that under new draft regulations from the China Banking Regulatory Commission, bank clients could open new accounts only by visiting a bank branch in person. While the new rules would apply to all banks, foreign banks have much smaller branch networks than their domestic peers, limiting their ability to find customers. Some foreign banks have only a single location.

> China's banking regulator is tightening regulation on lending to SMEs by foreign banks

The draft regulations also require that clients be videotaped while they open new accounts.

The regulator has asked that the new measures be in place by the end of December, and has said that banks aren't allowed to open accounts until the requirements are met, the banker said. Violations could potentially result in the suspension of operations for three months, this person said.

In an internal notice sent by the regulator to foreign banks in mid November and reviewed by The Wall Street Journal, Yan Qingmin, head of the CBRC's Shanghai branch, urged foreign banks to increase the number of employees involved in internal risk control and to set up anti-fraud departments.

"Chinese enterprises have gradually become the major source of clients for foreign banks, but many foreign banks have inadequate experience in dealing with Chinese customers, especially small- and medium-sized Chinese companies," Mr. Yan said in the notice. "The failure of foreign banks to identify potential risks (unique to China's small- and medium-sized firms) has created opportunities for criminals."

China's banking system has had a number of problems. In February, China's chief auditor, Liu Jiayi, said his office uncovered illegal activities involving six billion yuan ($878 million) last year during its regular audit of major Chinese financial institutions, including its biggest state banks.

—Rose Yu in Shanghai contributed to this article.

Gassing up Exxon's tank in a quest for resources
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Kraft calls into question Cadbury's takeover defense
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BUSINESS & FINANCE.

Wednesday, December 16, 2009 THE WALL STREET JOURNAL. asia.WSJ.com

Tobacco firms await Japan tax

Increase could hobble Japan Tobacco, Philip Morris and BAT as government tries to curb cigarette smoking

By Mariko Sanchanta And Juro Osawa

Japan, one of the last bastions of rock-bottom cigarette prices and smoking-friendly policies, is set to announce its biggest-ever tax increase on cigarettes in a move that could have long-lasting ramifications for **Japan Tobacco** Inc., **Philip Morris International** Inc. and **British American Tobacco** PLC.

In a country where 40% of the male population still smokes and a pack of cigarettes costs only 300 yen ($3.39), the new center-left administration, led by Prime Minister Yukio Hatoyama, is set to increase taxes on cigarettes by two yen to three yen a cigarette. In deflation-riddled Japan, the Democratic Party of Japan's move to increase taxes—resulting in a 40-yen to 60-yen total increase on a pack of cigarettes—is monumental when salaries are shrinking.

An announcement could come Friday or next week, according to a finance-ministry official. It would then have to be passed by Japan's Parliament early next year, though this step is seen largely as a formality, with the difficult aspect being the consensus-building taking place now among the different parties regarding the size of the tax increase.

"For health reasons, the idea was to raise the tax rate by a greater level, but we had to raise it more gradually," said the finance-ministry official. "The new administration wants to raise health consciousness."

The move to raise taxes comes as Japan Tobacco, Philip Morris International and BAT grapple with a shrinking market and falling demand. Japan, a $38 billion tobacco market and the fifth-biggest in the world, still boasts one of the highest smoking rates—thanks to the low cost and because smoking indoors at bars and restaurants is allowed. But fewer people are lighting up, because of health concerns and the country's shrinking population.

This means that the three companies will only grow by taking market share. Japan Tobacco, the world's third-biggest tobacco maker, has a 65% share of the Japanese market, while Philip Morris, the global market leader, has about 25% and BAT the remaining 10%.

We have to grow our share in this country through innovation," said Naresh Sethi, the president of BAT Japan, in an interview. "We need an iPod of cigarettes."

Japan is a unique market for cigarette makers as the country's fickle smokers are less loyal to particular brands than their global peers. About 15% of Japanese smokers are amenable to trying new brands, a much higher proportion than in other markets, Mr. Sethi said.

"That's a huge opportunity for us," Mr. Sethi said. BAT aims to increase its market share in Japan to 20% by 2015 by launching new products. As a result, tobacco makers constantly inundate the Japanese market with new products or trendier designs for existing products in order to woo new smokers.

Japan Tobacco's Mild Seven, the top brand in Japan, comes in 23 different varieties, from Mild Seven Lights Charcoal Filter to Mild Seven Prime Super Light.

Two years ago, BAT launched the "Kool Boost" brand in Japan, which features a menthol capsule in the cigarette's filter; smokers unleash the extra dose of menthol by squeezing the filter until the capsule bursts. The brand was so successful that it captured 1% of the entire market and Mr. Sethi proudly refers to it as an "iPod product".

Though BAT and Philip Morris don't disclose their revenues and profits from Japan, it is a significant market for both.

For BAT, the world's second-biggest cigarette maker, Japan is within its top 40 markets, though its "strategic importance" is much larger, according to a spokesman.

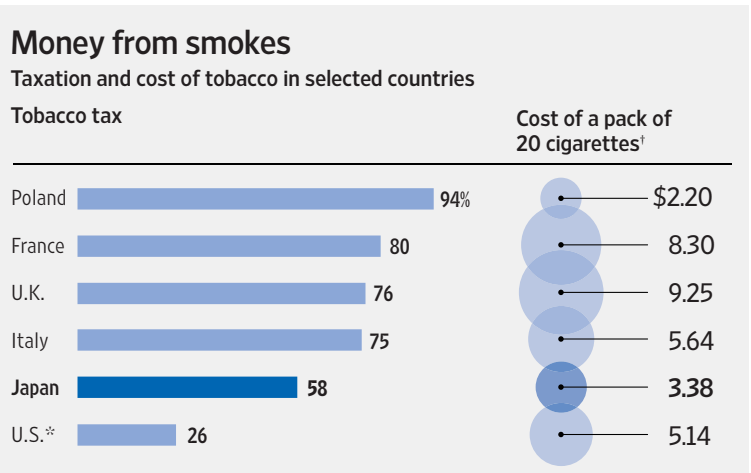
The company has its own innovation center in Japan, where it tests new products and brainstorms for ideas. For Philip Morris, Japan is its third-biggest market after the U.S. and Italy, according to Mr Sethi. Philip Morris declined to comment on its market position in Japan.

Because cigarette prices are still very low in Japan, a tax increase could mean more to consumers," said Credit Suisse analyst Yoshiyasu Okihira, compared with markets such as the U.S. and Europe, where cigarettes are more than double the price in Japan.

But thanks to Japan's arcane Tobacco Business Law, cigarette makers can't increase their prices by as much as they want—they have to ask the government for permission. Thus, most cigarettes in Japan are priced between 300 yen and 330 yen. "The new politicians in the DPJ get it, but they have to get out of the mind-set of price control. They should allow us to set our own prices," said Mr. Sethi.

The Democratic Party is also aiming to get more people to quit, but the tax increase may not work.

Akira Taguchi, 49 years old, has been smoking for nearly 30 years. "A hike to 400 yen a pack wouldn't make me change my habit," said Mr Taguchi, who alternates between the Kent and Marlboro. "If it rises to 800 yen, then I would have to seriously think about cutting back. Personally, I wouldn't disagree with a fairly big hike, because that would make me more conscious about when to smoke. Sometimes I find myself smoking when I don't even want to...especially when I drink."



LG moves to get head start in 3-D TV niche

By Jaeyeon Woo

SEOUL—**LG Electronics** Co., the world's second-biggest television maker by revenue, said Tuesday it will roll out a range of 3-D TVs, hoping to grab a head start in a niche where fierce competition is expected.

The company also announced a strategic partnership with **Korea Digital Satellite Broadcasting**, known as Skylife, to "map the standards for 3D images ranging from technologies, to devices and broadcasting content," Paik Woo-hyun, LG's president and chief technology officer, said at a news conference.

Manufacturers are looking to the 3-D segment to boost profits at a time when flat-panel TV prices have sunk and discount brands are eroding market share.

Sony Corp. last month outlined details of an effort to prop up its slumping electronics business by focusing on 3-D, which it said will account for up to half the TVs it sells in three years. The Japanese company said it sees strong potential in videogames in particular.

DisplaySearch, an Austin, Texas-based market research firm, forecasts the global 3-D TV market to amount to $1.1 billion in sales next year and rise to $15.8 billion in 2015.

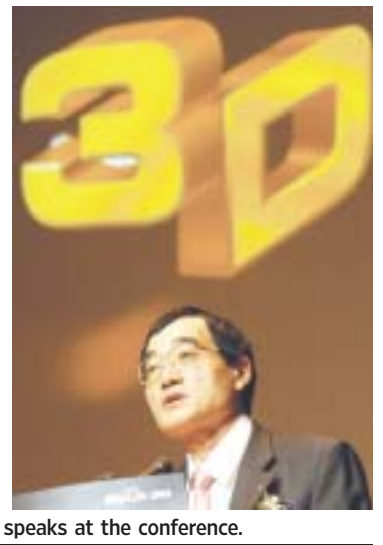
LG said next year it will offer 3-D liquid-crystal-display TVs ranging from 42 to 72 inches in screen size. It will also offer a 110-inch 3-D projector TV next year.

Executives said LG expects to be able to charge several hundred dollars more for TVs that are capable of displaying 3-D images as well as standard two-dimensional pictures. They set a sales target of 400,000 units of 3-D TVs next year and 3.4 million units in 2011. The company sells about 20 million TVs annually.

LG offered its first consumer 3-D TV, a 47-inch liquid-crystal-display model, in August in South Korea. It also sells models to commercial customers in the U.S.

The company's partnership with Skylife is partly an effort to jumpstart development of 3-D entertainment in South Korea, which is lagging behind such efforts in Japan, the U.S. and elsewhere. Skylife said it will invest 30 billion won ($25.9 million) by 2012 to produce 3-D programs, including movies, sports and English-language education. LG didn't say how much it would invest.

The satellite service provider will start trial 3-D broadcasting next month over a special channel, dubbed "Sky 3-D," that will provide 24-hour service.



Reuters (2)

Participants watch a 3-D movie at LG's 3-D TV presentation in Seoul Tuesday. LG Technology Chief Paik Woo-hyun, at right, speaks at the conference.

Macau's newest casino shuns frills

Stanley Ho's Oceanus, a three-minute dash from ferry terminal, is seeking to snare Hong Kong's day trippers

By Jonathan Cheng

MACAU—This Chinese gambling mecca's newest casino has a unique selling point: Its location is just a three-minute dash from the city's main port of entry.

Stanley Ho's **SJM Holdings** Ltd. spent $190 million building the Casino Oceanus in just over a year. It features no hotel rooms or so-called VIP rooms for high-rollers, and no fancy restaurants. The bulk of the 345,000-square-foot property is devoted to 260 gambling tables and 560 slot machines.

SJM's bet is that the property will snare a large chunk of gambling dollars from day trippers, who make the one-hour ferry ride from Hong Kong and are less concerned with flashy shows than with getting to the nearest baccarat table.

"Oceanus is the first casino that passengers reach upon arriving at the ferry terminal," Ambrose So, SJM's chief executive, said Tuesday. "You see these people rushing in through customs and immigration, and then it takes you just three minutes to get here. You can gamble for three or four hours before your wife even knows you're in Macau."

In many ways, SJM's tack runs counter to the strategy taken by a number of SJM's rivals, including Sheldon Adelson's **Las Vegas Sands** Corp. and Mr. Ho's own son, Lawrence.

Paul Andreu architecte paris

Architect's rendering of Oceanus Casino, which occupies the site of an old department store in Macau.

Lawrence Ho's newly opened City of Dreams casino-resort, which cost about $2.4 billion to build, is spending another $250 million—more than the whole cost of his father's Casino Oceanus—to bring in an aquatic acrobat-themed circus production in a 2,000-seat theater with a large water tank.

Mr. Adelson's massive Venetian Macao casino-resort offers many entertainment and dining options and about 3,000 hotel rooms, also at a cost of about $2.4 billion. The company is working on an even larger property across the street.

Mr. Ho's no-frills approach has served him well. Even after Mr. Ho lost his decades-long gambling monopoly in 2002, he has managed to hold on to the biggest share of the Macau gambling market—in large part, by giving his customers what they want.

In the case of Oceanus, Macau's 34th casino, SJM took the site of an old department store controlled by Mr. Ho and refashioned it into a three-story casino. Some concessions were made to lure visitors. The exterior of the building resembles the the Beijing Olympics' iconic "Water Cube"—a move aimed at drawing in Macau's large mainland-Chinese clientele. Oceanus is also displaying a $250,000 Italian white truffle and the $350,000 sequined glove worn by Michael Jackson as he premiered his "moonwalk" on national television in 1983. Both items were won at auction this year by Mr. Ho's business partners.

In many ways, Oceanus is well-tailored to the habits of Macau's visitors. Macau's average length of stay is about 1.4 days, with the vast majority of visitors to Macau making the day trip from Hong Kong. Gamblers typically plunk down about half of their gambling dollars at the first property they visit, and margins at mass-market tables are about 40%, compared with the thinner 10% margins on VIP tables.

Analysts at CLSA Asia-Pacific Markets estimate that SJM will recoup about a third of its investment on Oceanus in a year, given its location and SJM's single-minded focus on delivering a low-cost pure gambling experience to its visitors.

Mr. So, SJM's chief executive, said Tuesday that about 80% of Macau's visitors come through the main ferry terminal and that Oceanus is the closest casino to a land crossing from the mainland-Chinese city of Zhuhai. "When they see the glowing attraction that is Oceanus, they will come to have a look," Mr. So said.

In a separate development, construction began Tuesday on a massive bridge linking Hong Kong with Macau and Zhuhai. The six-lane, Y-shaped bridge across the Pearl River delta will be jointly constructed by the three cities over six years and will be one of the country's most technically complicated engineering projects, requiring the creation of several artificial islands. According to Chinese state media, the bridge will have a total length of about 30 miles. The report said the total cost of the bridge would be about $10.7 billion.

British Airways seeks injunction to stop strike

By Kaveri Niththyananthan

LONDON—British Airways PLC on Tuesday said it is launching legal action to prevent a 12-day cabin-crew strike over the Christmas period.

The U.K. carrier said it has written to Unite, the union representing BA's 13,500 cabin-crew members, highlighting irregularities in the union's strike ballot that render it invalid.

BA said it asked Unite to call off the action, but because the union failed to do so, the airline is seeking an injunction to prevent the strike.

BA said it believes Unite included in the ballot workers who are no longer employed by the airline, which would be a breach of the Trade Union Labor Relations Act.

The two side are at odds over the airline's plans to streamline the company.

British Airways on Nov. 16 cut the number of cabin-crew members on long-haul flights from London's Heathrow airport to 14 from 15 after failing to reach a compromise with unions after nine months of negotiations.

BA Chief Executive Willie Walsh said: "We are absolutely determined to do whatever we can to protect our customers from this appalling, unjustified decision from Unite.

"Unite was told about the problems with its ballot on Friday. Yet it cynically went ahead with an extreme, highly publicized threat to our customers and our business in the knowledge that it mightn't be able to carry it out."

Managers have been establishing what cabin-crew members might wish to work normally during the strike period, BA said.

It remains available to talk with Unite at "any time without preconditions."

Unite couldn't immediately comment.

Speaking to crew members Monday in a closed meeting, union leaders acknowledged the difficult economic period BA is going through. However, they said staff members had protection for 12 weeks and would continue to strike as long as the ballot remained effective.

UBS estimates that a 12-day strike could cost BA £40 million to £50 million ($65.2 million to $81.5 million) in lost profit and between £250 million and £275 million in lost revenue.

Both sides will meet in court Feb. 1 to decide whether changes made by BA are contractual or not.

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Corrections & Amplifications

Arshad Sayed is the **World Bank** country manager for Mongolia. Tuesday's View from Hong Kong column misspelled his name as Ashar Sayed.

J.P. Morgan Chase & Co. and **Credit Suisse** on Friday raised their forecasts for fourth-quarter U.S. economic growth to an annualized 4.5%, from 3.5% previously. Monday's U.S. Credit Markets column incorrectly said the forecasts were raised for 2010.

Associated Press

Kraft is sticking with its takeover offer for Cadbury and is questioning the U.K. candy maker's defense against the bid.

Kraft questions Cadbury

Skepticism is expressed about U.K. firm's latest growth targets

By Steve McGrath

LONDON—**Kraft Foods** Inc. on Tuesday questioned **Cadbury** PLC's defense against the U.S. company's hostile takeover attempt, telling Cadbury's shareholders to ask how the British company will achieve its growth targets without the scale and investment that Kraft can offer.

However, Kraft again suggested it wouldn't raise its offer.

U.K. candy maker Cadbury on Monday raised its sales and margin targets for the next four years as it issued a robust defense of its business and once again rejected Kraft's "derisory" offer.

"We have heard nothing from Cadbury that surprises us," Kraft Chairman and Chief Executive Officer Irene Rosenfeld replied in a statement. "Cadbury's defense document only reinforces our belief that there is a compelling strategic and financial rationale to combining these two companies and that doing so would be in the best interest of both companies' shareholders."

The battle for control of Cadbury has become increasingly bitter, with Cadbury saying Kraft is trying to buy it on the cheap and offering shareholders an "unattractive low-growth conglomerate business model," and Kraft saying its offer represents fair value in the absence of other bids, and that it can offer Cadbury's shareholders more value than if they stick with Cadbury alone.

Kraft's cash-and-shares offer is currently valued at about £9.9 billion ($16.14 billion). The offer originally valued each Cadbury share at 745 pence, though a fall in Kraft's shares means it is now valued at nearer to 720 pence. So far, the market has agreed that Kraft's chances of success are slim unless it raises its bid to at least 800 pence a share.

However, Kraft is sticking with its offer in the absence of a counter offer. "Kraft Foods will continue to maintain a disciplined approach with respect to the acquisition of Cadbury in line with the criteria outlined in our offer documentation," Ms. Rosenfeld said.

Cadbury on Monday confirmed it had received other expressions of interest, without naming the interested parties.

Hershey Co. is reported to have held talks with Cadbury about a possible friendly offer, while closely held Ferrero International SA of Italy has said it is reviewing its options.

Kraft, which said its Cadbury offer had cleared U.S. antitrust hurdles, asked Cadbury's shareholders to consider four questions: How will Cadbury deliver its new revenue growth targets? How will Cadbury deliver its margin targets without further spending on restructuring? Are Cadbury's margin goals achievable? What is Cadbury's underlying cash flow?

Cadbury said Monday that its sales-growth improvement would come largely from emerging markets such as India and Brazil, which have increased by about 12% per year in recent years, with acquisitions boosting this to 17%.

The company is forecasting sales growth in these markets of between 10% and 12% per year until 2013—when emerging markets will account for 45% of sales, up from 38% in 2009.

Kraft questioned how Cadbury will continue to increase sales, when all of 2009's sales growth has come from price rises.

Cadbury Finance Chief Andrew Bonfield said Monday that 2009's weak volumes had been caused by the company's higher prices, which were necessitated by higher commodity costs.

He said volumes would return next year as the strong price rises abated. The company is on track for a margin of 15% by 2011.

TNK-BP's future chief plans to increase output

By Gregory L. White

MOSCOW—TNK-BP Ltd. plans to keep expanding oil output even as the rest of the industry stagnates, thanks to a fat portfolio of new fields, said Maxim Barsky, who will run the venture.

In his first interview with Western media since he was selected as chief executive, Mr. Barsky said TNK-BP has moved on since a bitter conflict between **BP** PLC and its Russian partners wracked the company last year.

A planned public offering of shares isn't likely to happen for at least another two years, he said, though TNK-BP aims ultimately to be Russia's largest private oil company by market capitalization, up from its current third-place ranking.

Mr. Barsky, 35 years old, will fill the role of Robert Dudley, the BP veteran who ran TNK-BP from its founding in 2003 but was forced to leave Russia amid the shareholder conflict last year.

As part of a deal to settle the dispute, BP and its Russian partners—a group of Soviet-born billionaires including Mikhail Fridman, Viktor Vekselberg and Len Blavatnik—agreed to appoint an independent CEO.

Mr. Barsky was named last month, winning the slot ahead of a BP-nominated candidate. Mr. Barsky will spend the first half of next year working at BP's operations in the U.K. and U.S., returning to TNK-BP as deputy CEO and taking over the top job Jan. 1, 2011, when Mr. Fridman, currently executive chairman, gives up the CEO duties.

Before he joined TNK-BP this year as executive vice president, Mr. Barsky ran a midsize Russian oil company, West Siberian Resources.

Mr. Barsky said he welcomed the presence in top management jobs of two of the Russian shareholders, Mr. Vekselberg and German Khan, an issue that had been a flash point in the conflict with BP last year.

"It's a perfectly natural role," Mr. Barsky said, saying that in Russia it is an advantage to have powerful shareholders in management to handle relations with the government.

Although the Kremlin grants a raft of special privileges to state companies like OAO **Rosneft**, Mr. Barsky said there's still plenty of room for privately-owned companies, even those, like TNK-BP, with foreign partners.

He said TNK-BP has a substantial portfolio of fields in the pipeline, with total resources of about 30 billion barrels of oil, of which only a third are being developed. That will allow it to offset declining output at its older fields.

Production is up about 2.5% this year, he said. "If we keep this pace up, that would be a good trend" over the next few years, he said. New fields in areas like Yamal will require heavy capital investment to start up, but then will be more profitable to operate than existing fields, thanks to tax breaks and lower production costs, he said.

Where TNK-BP needs to expand is in refining, which benefits from favorable tax treatment in Russia, he said. TNK-BP would consider acquisitions, asset exchanges or other deals increase its refining capacity, he said.

Internationally, he said, TNK-BP will target countries where its Russian pedigree conveys an advantage, such as Venezuela and the former Soviet Union.

TNK-BP also has been approved by Baghdad to bid for fields in Iraq and intends to participate in the round of tenders next year.

Natural gas is also a major opportunity for TNK-BP, he said, noting that the market has been transformed by falling demand.

Natural-gas pioneers lean on Big Oil

By Ben Casselman

Exxon Mobil Corp.'s acquisition of **XTO Energy** Inc. is the latest sign of a changing of the guard in the U.S. oil patch as the small companies that led an exploration boom in the past decade start to give way to the international giants.

XTO, based in Fort Worth, Texas, was one of dozens of independent producers that pioneered a revolution in the U.S. natural-gas industry in recent years. While global companies like Exxon and **Chevron** Corp. largely stayed on the sidelines, independents including XTO, **Chesapeake Energy** Corp. and **Devon Energy** Corp. leased millions of acres of land across the U.S. in search of new sources of gas and, to a lesser extent, oil.

But pumping the gas is proving a lot more expensive than finding it, which has led to an increasing number of joint ventures between the independent companies and the major multinational oil players.

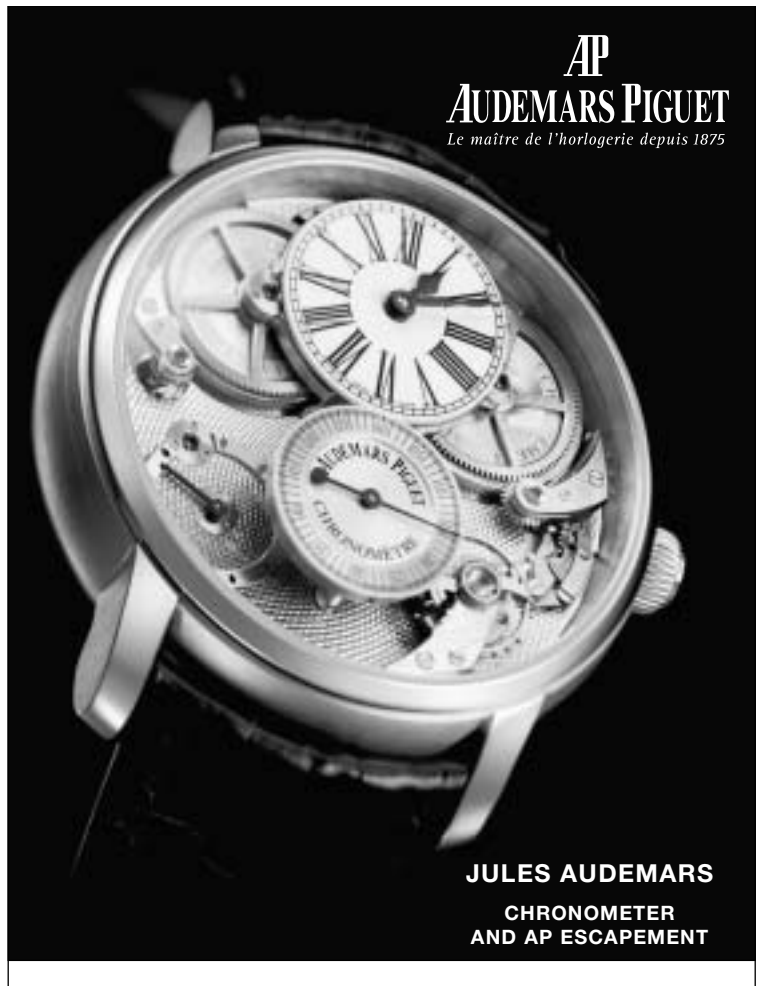
More deals are likely, analysts say, though they suggest that it may be hard to find buyers large enough to absorb the biggest independent companies.

Driven by a combination of easy credit, rising gas prices and new drilling technologies that can pull out gas locked in dense rocks, the independents found huge new fields in Texas, Louisiana, Pennsylvania and elsewhere in the past few years.

The discoveries led to fast growth for the companies and a surge in U.S. natural-gas output.

But the new output glutted the gas market just as the weak economy was cutting into energy demand and restricting access to credit. That forced companies to seek new sources of capital, often from the same major producers that missed out on the early years of the boom.

Although XTO is the first big independent to sell to a major producer, several others have found ways to get cash from bigger companies. Chesapeake last year sold all or part of three of its fields to Europe's **BP** PLC and **Statoil** ASA for a combined $7 billion, and smaller **Quicksilver Resources** Inc. this year sold a stake in one of its fields to Italy's **Eni** SpA for $280 million.



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CORPORATE NEWS

Premji aims to add sectors, staff

Indian tech giant Wipro, hit by finance-sector downturn, seeks more local workers, growth of eco-energy business

By Paul Beckett

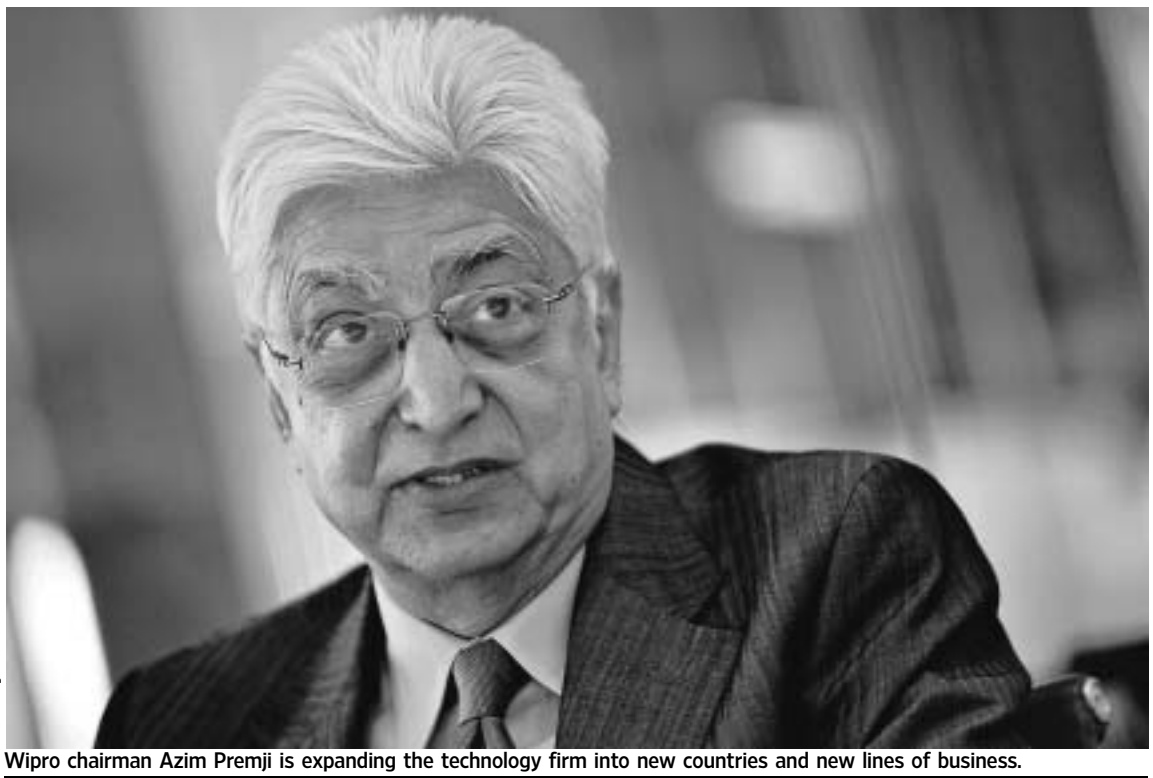
Azim Premji turned a family business that specialized in consumer products such as vegetable oil into an Indian high-technology giant that employs almost 100,000 people world-wide handling software and technology outsourcing. Along the way, Mr. Premji, 64 years old, has become one of India's richest men.

His company, **Wipro** Ltd., became one of India's top technology firms, but along with the rest of the outsourcing industry has been hard hit by the financial crisis that affected some of its biggest customers: U.S. financial institutions. Revenue in the year ended March 31 was $5.005 billion, up 1.5% from $4.933 billion a year earlier but down from consistently double digit growth rates in previous years.

BOSS TALK

Wipro is now eyeing expansion in new countries and has entered new lines of business. In an interview, Mr. Premji talked about how he evaluates acquisition opportunities, is increasing the ranks of non-Indians in the company and is developing an eco-energy business.

Excerpts:



Bloomberg News

Wipro chairman Azim Premji is expanding the technology firm into new countries and new lines of business.

WSJ: How did you manage through the recession?

Mr. Premji: We started taking action on it as early as March-April 2008 in terms of building more efficiency through cost cuts, driving more emphasis on performance and being more disciplined. People who did not achieve performance standards who we had carried on our payroll because growth was so glorious and getting people was so difficult, we outplaced.

Then we told ourselves, we are not doing a good enough job in terms of really giving the full value of Wipro to our key customers, because the customers are global now, and they require a range of our services. We are selling too much in a silo manner. So for 70 of our customers, we said each must have a customer engagement manager who is the mini-CEO for that customer, and he pulls in all the other functions [needed] to service that customer.

Then we said, let's start putting more resources into geographies which have a higher growth potential.

WSJ: Where have you focused?

Mr. Premji: In Saudi Arabia, we are hiring from campuses, including women. Our experience with local women is very good because for them it is a transformation in their lifestyle and they get independence and a different status in the family.

Then we identified France. We said France is very multinational in terms of globalization. We did the same thing with Germany and it is giving us results. About 70% of our employees working there are locals, our leadership is local. That gives us a better image with the local governments and local customers.

We will focus on the domestic China market starting April of next year and Latin America.

WSJ: Do you think this is a time when we will see a lot of M&A activity from India to the rest of the world?

Mr. Premji: So far as Wipro is concerned, you'll see reasonable activity. I don't think you are going to see it in high gear. We are focusing much more on organic growth rates and organic investments. Unless we get something which is of major strategic value, we won't rush into it.

So far as India is concerned, you'll see it among the large groups. You'll see companies acquiring U.S and European companies, primarily to get access to those markets or access to technology.

WSJ: What are the two or three things that are at the top of your mind when you look at an acquisition?

Mr. Premji: One is if we are weak in geography, does it give us a strong geographic footprint? Second, our experience is that market synergies are tough to realize unless the acquisition is of a certain size. If it is a small size it just gets pushed aside. Third, does it give us a specific unique technology or capability which we didn't have before? Like Infocrossing Inc. gave us [Wipro purchased the New Jersey-based technology company in 2007]. It gave us five data centers in the U.S. It was an expensive acquisition, it cost us $600 million. We could have created it organically, [but] it would have taken us five years and it would have cost us just as much because the ramp up period is so slow in terms of that kind of a business.

We are not trying to do an acquisition just to become bigger. Acquisitions require top management time and that is a distraction.

WSJ: The vast majority of your company and your employees are based in India. How do you see that changing?

Mr. Premji: About 85% of our work force is India-based, primarily because of our global delivery model. Of the balance which is overseas, about 28% is local. We would like to take that up to at least 50%.

Why? One is to have a local face, very obviously it is good politics and it is good to be sensitive to the political realities of unemployment. Two is we can then start bidding for local state government contracts. And three is that local people are available today because of this reset of the world. Previously we had to settle for the second best, now we can bid for the best people.

WSJ: How do you see the business environment in the U.S.?

Mr. Premji: I was expecting a more severe [anti-Indian] reaction, particularly from the financial services sector. I was in North Carolina at the end of October, and I interacted on a one-to-one basis with about eight CEOs of the largest global banks, and everyone is looking after himself. They are under so much economic pressure. They have no obligations except to pay off their TARP funds and then do exactly what they want to do to make their companies more efficient. And that is what they are driven by.

WSJ: Do you see corruption at the Indian government level as a bigger problem today than when you started out?

Mr. Premji: When I started out there was much more regulation. So there was corruption spun around the regulation, to get exceptions. Over the past seven to eight years, there has been a general escalation in corruption across the country which is of the most serious concern.

If people just stop giving bribes you cut down corruption. You pay a short-term price for it, not a long-term price. We have realized that as a company. We don't get out-of-turn consideration, but if you plan for that, you get better customers who trust you more, you get better employees, you get better partners, you get better suppliers and most important you cut down your transaction costs, which people don't realize. Bribing is a transaction cost and it is not cheap.

WSJ: What new businesses are you developing?

Mr. Premji: There was an interesting business over the past one year in eco-energy. We are very uniquely suited. We have IT technology, we have electronic technology because of our hardware business, we have lighting technology because of our lighting business, we have water technology because of our water business. And we have built a very strong systems integration capability because of our IT business in India. We can make it a billion dollar business in five years.

It originally starts out with an IT project but the customer is saying, 'Look, I've got a problem. My energy is costing me too much money. Tell me how I can take out 20% of it and if you can give me a solution, implement it for me.' So the teams which we now have working with global customers are 60% from eco-energy and 40% from IT because the solutions are so multi-dimensional.

WSJ: Why do you have a consumer business?

Mr. Premji: One, it's traditional. Second, it's a good hobby. It's a fun business, you can touch and feel toiletries and toilet soap and the works. Software you can't touch and feel. And it's an enormously profitable business for us. It has extremely high rates of return, growth rates which are 23% to 24% a year and a market which is growing at about 10% to 12% a year.

So in spite of all the multinational competition, we are taking market share. We have invested in strong brands, we have extremely strong distribution, we service four million outlets in India and we have extremely strong distribution in Asia Pacific, including parts of China.

WSJ: Is it very important to you that a Premji continues to run the company after you've decided to step down?

Mr. Premji: No it's not. You cannot run an organization as large as this and as complex as this with the fiduciary responsibilities which go with it by being parochial. We have a very disciplined process of succession planning.

WSJ: Do you have a set time limit when you are looking to step aside?

Mr. Premji: Quite honestly, no.

WSJ: The education system in India is in need of serious fixing. What are you doing about it?

Mr. Premji: There are 5.5 million teachers who teach in India's 1.3 million schools. Many of them are not qualified, many of them are not serious about their jobs and many of them don't turn up for teaching because they are political appointees.

So it is a serious situation from the point of view of country building, nation building, plus the education is very rote-learning oriented versus interactive. So we got ourselves involved in education about six and a half to seven years back, as a foundation and simultaneously as a company.

Our approach is how do you teach teachers to teach better, how do you get students to be more interactive in class discussions and think outside the box, how do you get the principal also to be more innovative and support education reforms and how do you get the owner of the school supportive of this whole initiative?

We have various programs which are engagements as long as 15 months, which are typically done in the evenings and on weekends, with the teachers, with the students, with the principal, with the owners, depending upon the intensity of what each side requires, to see to it that they significantly uplift the quality [of education.] We make them share anywhere from 25% to 75% of the cost to us because we want their skin in the game. If we don't get their skin in the game, we find that they are not committed.

WSJ: What do you get out of it as a company?

Mr. Premji: We get goodwill, we get a crop of students who will eventually graduate and go on to study science and engineering and hopefully prove to be better graduates five and 10 years from the time we intervene.

WSJ: What other initiatives are there?

Mr. Premji: The second major intervention which we have in the company is what we call Mission 10X. We decided about two years back that engineering schools in the country not only lacked facilities but they lacked good faculties or well-trained faculties and required re-engineering of the course curriculum.

We set up a team and we put together a program and we have now dedicated about 20 full-time professors to it. We intervene in about 200 colleges across the country, where we train the teachers there in more modern methods, and make them more up-to-date in what they should be teaching the students [about technology].

WSJ: What about the Azim Premji University that you are building in Bangalore primarily to train teachers?

Mr. Premji: The most solid intervention to upgrade the quality of a child's learning in a village school was the quality of the teacher. We said how do you attract high quality teachers into the villages? You attract [them] if you can offer them a career and then offer them a job and offer them a decent salary.

So we figured, if we could set up a not-for-profit university which is dedicated to training teachers, it's a start. The idea is if we can make a strong success of this university, we would like to duplicate it in multiple states and escalate it.

CORPORATE NEWS

Immelt offers mea culpa

GE chief seeks to persuade investors he's ready to tackle new era

By Paul Glader

General Electric Co. Chairman and Chief Executive Jeff Immelt intended to take the "Saturday Night Live" stage at Rockefeller Center Tuesday for his annual update for investors, aiming to persuade them he can guide GE to a new era of growth despite a cloudy forecast for 2010.

In recent appearances, the 53-year-old Mr. Immelt has said he is "humbler and hungrier" because of the recent credit crisis and recession, which severely damaged GE. He has also defended his record while stressing that he has learned from his mistakes.

"I needed to be a better listener coming out of the crisis," Mr. Immelt told cadets at the U.S. Military Academy Wednesday. "I should have done more to anticipate the radical changes that occurred."

Those changes included big losses and asset write-downs at GE's giant finance unit, GE Capital, forcing Mr. Immelt to backtrack on promises to shareholders. In February, GE reduced its dividend 68%, the first such cut since 1938. A month later, the company lost its coveted Triple-A credit rating, which it had maintained since 1967.

Tuesday morning GE declared a fourth-quarter dividend of 10 cents a share.

Mr. Immelt now says he will refocus GE around its core industrial businesses, including health care, aircraft engines and energy turbines. But those businesses face uncertainties, with many customers still cutting back on big-ticket purchases.

Analysts surveyed by Thomson Financial First Call predict GE will earn 89 cents a share next year, down from an expected 99 cents this year. Some analysts believe the decline will largely come from the company's industrial units.

GE said third-quarter equipment orders fell 18%, with power turbines down 50%. The company says that new orders for industrial mainstays like aircraft engines will probably drop next year, but that its $174 billion order backlog and lucrative services contracts on previously sold goods will get it through the downturn. It also says it expects GE Capital profit to be flat.

The focus on industrial units is part of a broader shift away from finance and entertainment. Mr. Immelt has said he wants to shrink GE Capital to about 30% of corporate profits, down from more than 50% before the financial crisis. GE said last month that it would sell a majority stake in its NBC Universal unit to **Comcast** Corp., and may later exit the business entirely.

"I think it's a long road ahead," says Carla Zilka, a former GE executive and founder of NexGen Advisors LLC, a restructuring firm. "You don't turn a cruise ship easily. I think [Mr. Immelt] can do it. It's going to take some time."

In February, Jason Small, assistant portfolio manager at Chartwell Investment Partners in Berwyn, Pa., thought GE's board might remove Mr. Immelt. Now, he believes Mr. Immelt has outlined a way forward. His firm is keeping its 750,000 GE shares.

One challenge for Mr. Immelt will be to merge his new sober realism with his personality. "Jeff is, by nature, an upbeat, optimistic guy who is a marketer," says Bill Conaty, a former GE human-resources executive.

For his part, Mr. Immelt says he has changed his management style in response to the crisis and recession. Two Saturdays a month, he meets one on one with one of his 25 top executives. He is pushing more decision-making to lower organizational levels. And the one-time applied-math major is now more comfortable with ambiguity.

During the financial crisis, Mr. Immelt said at West Point, he did "things I never thought I would have to do. I am sure that my board and investors frequently wondered what in the heck I was doing," he added. "I had to act without perfect knowledge."

Mr. Immelt also ushered in a new era of austerity, laying off roughly 30,000 workers, recalling some Americans from expensive overseas posts, and giving up corporate seats at sporting arenas in Boston and New York. Last January, he moved the annual executive retreat to GE's Crotonville, N.Y., training center from its longtime home in Boca Raton, Fla., and shortened it to two days from three. Next month's retreat will be in Crotonville, too, but for 1½ days.

So far, he is winning over some investors. GE's stock has more than doubled from its March lows, though it remains down 1.54% for the year, in contrast to the 19.65% rise in the Dow Jones Industrial Average.

Bloomberg News

'I should have done more to anticipate the radical changes that occurred.' CEO Jeffery Immelt, seen earlier this month, said recently.

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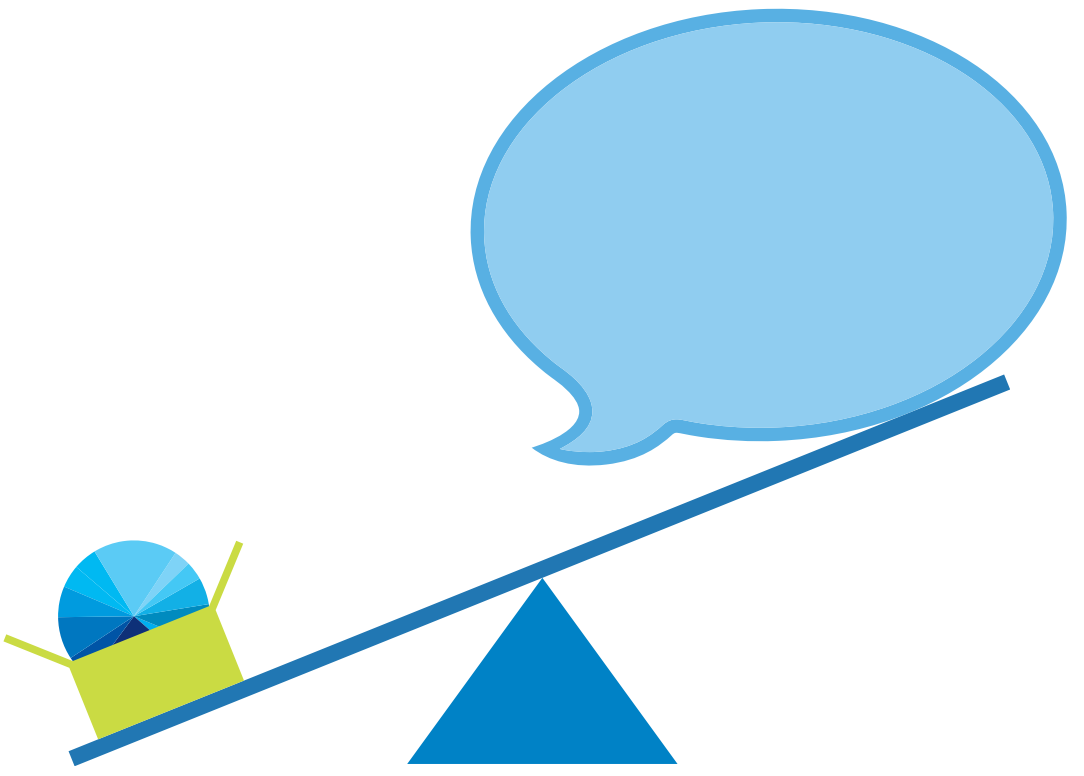

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MARKETS

Japan declines to set firm debt limit

Government appears to be backing away from a pledge to hold line on bond issuance; world's highest debt ratio

By Tomoyuki Tachikawa

TOKYO—Japan's government stopped short on Tuesday of setting a firm limit on new debt sales in the next fiscal year, raising questions about its commitment to fiscal discipline down the road.

The Cabinet of Prime Minister Yukio Hatoyama approved its budget guidelines for the fiscal year that starts in April, setting the limit for new government-bond issuance at "around" 44 trillion yen, or $496.73 billion.

The wording suggests the government, led by the Democratic Party of Japan, is effectively backtracking on its pledge to keep new bond issuance below 44 trillion yen to get government finances in order.

"It's important to secure market confidence to avoid rapid rises in long-term interest rates," documents released by the cabinet said. "On the other hand, we need to tolerate expanding bond issuance of current levels to some extent, taking severe economic conditions into consideration."

Deputy Prime Minister Naoto Kan said at a news conference that the bond-sales target "could help prevent long-term interest rates from rising."

Bloomberg News

Deputy Prime Minister Naoto Kan said the bond-sales target "could help prevent long-term interest rates from rising."

But the possibility remains that the government will issue more than 44 trillion yen of government bonds in the fiscal year as deflation and a strong yen take their toll on Japan's sluggish economy. Such deterioration could reduce tax revenue further.

On the spending side, the New People's Party, one of the small parties in the DPJ-led ruling coalition, has been calling for a budget of more than 95 trillion yen.

That could rekindle fears about Tokyo's stance on future bond selling and drive bond prices downward during the budget-compilation process.

Japan's public-debt ratio is already the highest in the industrialized world at 180%.

Mr. Kan was also unclear about the strength of the government's commitment to the figure.

When asked why the word "around" was inserted before 44 trillion yen, he said, "I don't know why it got in there."

In a separate news conference, Finance Minister Hirohisa Fujii, whose office is pursuing aggressive fiscal rehabilitation, repeated his willingness to keep the issuance below 44 trillion yen.

But on Monday, Prime Minister Hatoyama indicated he may tolerate bond issuance a little in excess of 44 trillion yen.

Investors have started to unload long-term government bonds such as 20-year and 30-year cash bonds, which are usually sold when concerns intensify over the outlook for the nation's fiscal health.

The yield on 20-year government bonds rose 0.025 percentage point to 2.095% late Tuesday, while the yield on 30-year bonds gained 0.015 percentage point to 2.260%. Yields move inversely to bond prices.

Takahira Ogawa, Standard & Poor's director for sovereign ratings, said the agency isn't planning to change Japan's rating but said the direction of the nation's public finances "has been deteriorating gradually in the past one and a half or two years."

—Takashi Nakamichi and Takeshi Takeuchi contributed to this article.

China increases yields for new corporate debt

SHANGHAI—A Chinese central-bank-backed industry association has raised the minimum yields on new short-term corporate bills sold on China's interbank market to catch up with the secondary market, where higher yields reflect rising inflation expectations, people familiar with the situation said Tuesday.

The move is the second of its kind since the National Association of Financial Market Institutional Investors began setting minimum issuance yields on local companies' debt sales in mid-August in an attempt to bridge the once-wide yield gap between the primary and secondary markets.

The decision, which further increases companies' bond-issuance costs but makes it easier to find buyers, comes amid evidence of a strong economic recovery in China and a debate about when Beijing will end its economic-stimulus program.

Signs of a decline in the appeal of corporate debt have emerged in recent months because of inflation concerns. But as Beijing scales back a boom in lending, the fixed-income and equities markets are set to become more important in satisfying Chinese companies' demand for funds.

"By increasing the minimum yields on corporate-bill offerings, the association wants to make such debt more attractive to local investors and help cash-hungry companies enter the bond market for financing as China is gradually tightening controls over bank loans," said Qu Qing , an analyst at Shenyin Wanguo Research & Consulting Co.

The association, which oversees corporate-bond issues on the interbank market, decided Friday to raise the minimum issuance yields on one-year super triple-A-rated corporate bills to 2.77%, from 2.60%, said the people familiar with the situation.

Companies also must price their one-year triple-A-rated bills at a minimum of 2.91%, compared with 2.76% previously, the people said.

Short-term corporate-bill yields have risen around 0.15 percentage point on the secondary market in the past months because of China's economic recovery and rising inflationary pressure.

As Beijing scales back lending, the fixed-income market will be a more critical source of funding.

One-year super triple-A-rated corporate bills yielded 2.71% on the interbank market Tuesday, up from about 2.55% in mid-November.

Unlike the association's previous rate-guidance decision in mid-November, when it raised the minimum yields as much as 0.83 percentage point on both short-term bills and medium-term notes, it left its yield guidance on medium-term notes unchanged Friday. Secondary-market yields on these notes have been mostly stable since the association's last move, the people said.

—Wang Ming and Frank Zhang

Retirement plans offer sure-fire deal for some

Workers' savings drop; bosses avoid risk

By Ellen E. Schultz And Tom McGinty

Jacqueline D'Andrea last year lost more than 60% of the 401(k) savings she built over a decade as a **Wal-Mart Stores** Inc. manager, she says. The 1.2 million employees in the retailer's 401(k) retirement plan—a tax-deferred defined-contribution vehicle—lost 18% as the market plunged, corporate filings show.

Top executives at Wal-Mart didn't face such risks. Thanks to a guaranteed 6.6% return, Chief Executive Officer H. Lee Scott Jr. had gains of $2.3 million in a supplemental retirement-savings plan, bringing its total savings to $46.7 million. "We're proud of the benefits we offer to our hourly associates" which include bonuses, 401(k) and profit-sharing contributions, and merchandise discounts, said a Wal-Mart spokesman, who confirmed the plans' figures.

One-quarter of top executives at major U.S. companies had gains in their supplemental executive retirement-savings plans in 2008, even as employees had sizable losses in the companies' retirement accounts, according to a Wall Street Journal analysis. The gains in executive retirement accounts often stemmed from guaranteed fixed returns on executive-savings plans.

The disparity underscores a fact of life in America's corporate-pay scene. It's not just bigger paychecks that have led to a growing wage gap—it's the different levels of risk that executives and rank-and-file employees face in their retirement plans. That difference rarely has been more evident than the past year, when 50 million employees lost a total of at least $1 trillion in their 401(k) plans, according to the Center on Retirement Research at Boston College.

Though the stock market has rallied in 2009, most employees still have a long way to go to recoup their losses. The Standard & Poor's 500-stock index is still down 29% from its October 2007 peak.

Companies say generally that compensation committees determine the returns executives receive on their savings, and in some cases do so to offset the risk executives face by receiving a chunk of their pay in company shares. Nearly all of the executives with positive returns on their deferred-compensation plans worked at companies whose share prices were down in 2008. Fixed returns are are among the perks that companies say are needed to attract and retain executives to lead their companies during difficult times.

Comparing executive and employee retirement returns is possible because, in 2007, companies were required to begin disclosing earnings on their top officers' deferred-compensation plans. The Journal analyzed filings of S&P 500 companies compiled by research firm Capital IQ for fiscal 2008. The latest fiscal year for the analysis ended May 31, 2009. The Journal then extracted investment performance of 401(k) plans at individual companies from their corporate filings.

The Internal Revenue Service limits the amount employees can contribute to a 401(k) plan—$16,500 in 2009—so companies set up supplemental plans to enable higher-paid employees to set aside more money for retirement.

At companies that don't provide fixed guaranteed returns, executives often saw losses in their deferred-compensation savings.

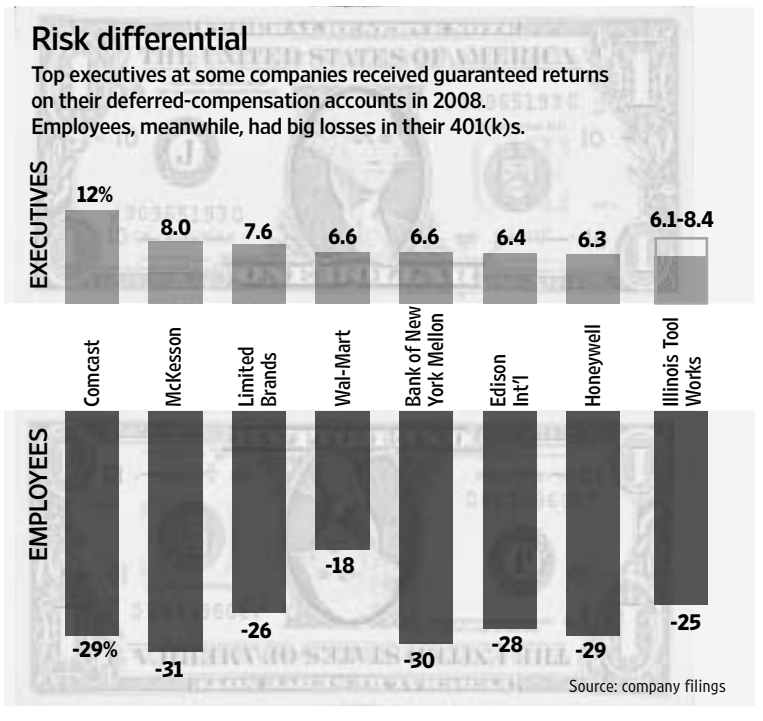
For example, **Intel** Corp. says it doesn't provide guaranteed returns on its executive`s deferred compensation plans, but instead gives them the same investment options as in the company's 401(k) plan.

In 2008, the four top Intel executives with deferred-compensation balances lost a total of $5.6 million, or 35% of their account balances at the beginning of the year. The company's 401(k) plan also lost 35% during the year, filings show.

With the S&P 500 down a third from its October 2007 peak, some employees never will recover their losses. Ms. D'Andrea, the Wal-Mart manager, says her retirement kitty bounced back up to $8,000—about the average size of employee accounts in Wal-Mart's 401(k) plan—from a low of $6,000 earlier this year.

But the 48-year-old Henderson, Nev., resident lost her job in May and cashed out her account. Now, she vows to never join a retirement plan again.

"It's too risky," she says.



Bank of America can't sign new CEO

By Dan Fitzpatrick And Joann S. Lublin

Bank of America Corp. suffered a setback in its 10-week search for a chief executive after talks with the leading outside candidate ended over pay and governance issues, forcing the board to reconsider two internal contenders.

Robert Kelly, the CEO of **Bank of New York Mellon** Corp., jumped ahead of two top BofA executives to become the leading candidate to succeed Kenneth Lewis, who is set to retire at year end, people familiar with the matter said.

Even after BofA paid back the government's $45 billion bailout, in part to free it from pay limits so it could attract a top-notch CEO, the bank's board and Mr. Kelly couldn't reach a deal on pay. Mr. Kelly had asked for a pay package of more than $20 million, said people familiar with the situation.

The 55-year-old Mr. Kelly also raised the possibility of moving BofA's headquarters to New York and becoming chairman, as well as CEO. Shareholders voted last spring to separate BofA's chairman and CEO duties, and not being able to walk in as chairman on day one was a sticking point for Mr. Kelly, said a person familiar with his thinking.

A Bank of New York Mellon spokesman said pay was "at the bottom of the list" for Mr. Kelly. "Mr Kelly was very flexible on compensation," he said. "The more important drivers of his decision were the strategic opportunities for growth at BNY Mellon."

Following Mr. Kelly's decision Monday to withdraw himself from consideration, BofA directors may tap either Chief Risk Officer Gregory Curl or Brian Moynihan, president of consumer and small business banking, people familiar with the matter said. A CEO search committee met Monday by phone to discuss the situation and is expected to make a decision whether to go with an insider in the next day or two, said a person close to the process. No other outside candidate is currently under consideration, this person said.

Robert Kelly

A Bank of America spokesman declined to comment.

In a memo to employees of BNY Mellon, Mr. Kelly said, "I wanted you to know—and to hear from me directly—that I'm not leaving BNY Mellon and I look forward to working with all of you to make this great company even stronger."

According to a person familiar with the matter, Mr. Kelly told Bank of New York Mellon directors earlier Monday about his decision.

In the memo, sent Monday afternoon, Mr. Kelly didn't specifically mention BofA, referring only to "another bank" that approached him "as part of their CEO search process."

"It's not opportunity that I sought," he wrote in the memo. "After talking with them, I firmly concluded that my place is here at BNY Mellon."

Many Bank of New York Mellon employees had reluctantly resigned themselves in recent days to Mr. Kelly's likely departure, and had begun talking about his potential successor. People familiar with the matter said the firm had a number of top executives who could take on the CEO role and that decision would likely be made fairly swiftly if Mr. Kelly departed.

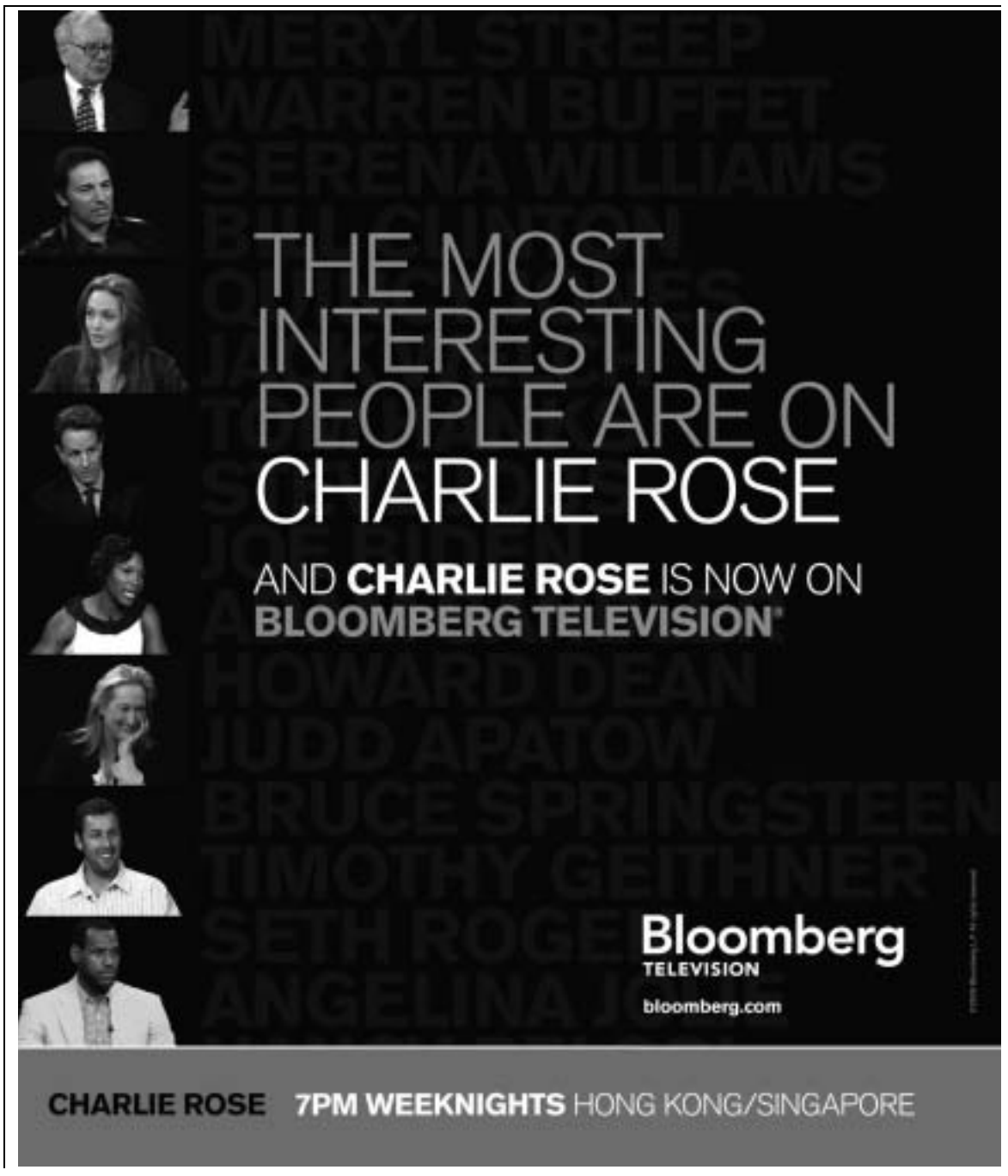
It is unclear if Mr. Kelly's public flirtation with BofA would sully his reputation at Bank of New York Mellon. A well-regarded industry veteran, Mr. Kelly has been credited with bringing fresh enthusiasm to the staid cultures of Bank of New York and Mellon Financial Corp., which merged in 2007.

"I think this strengthens Bob Kelly's stature. It shows that Bank of New York Mellon has a CEO who is in demand," said Mike Mayo, a banking analyst at Calyon Securities' CLSA unit.

Mr. Kelly spoke informally with several attorneys about representing him in working out an employment accord with BofA, but never retained anyone, according to another lawyer who bargains on behalf of prospective CEOs like him.

This attorney doubts that relocating BofA's headquarters or recombining the chairman and CEO roles caused the breakdown in Mr. Kelly's talks. Compensation "was probably the [key] issue," the lawyer suggested.

—Robin Sidel contributed to this article.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MARKETS

PCD stores rises 31% on Hong Kong debut

By Amy Or

HONG KONG—**PCD Stores Group** Ltd. closed up 31% on its first trading day on the Hong Kong Stock Exchange, as investors banked on robust growth in China's domestic consumption and on the company's experience in the retail industry.

Xiamen-based PCD, majority owned by businessmen Alfred Chan and Edward Tan, closed at 2.55 Hong Kong dollars (33 U.S. cents) Tuesday, above its initial public offering price of HK$1.95 and outperforming the benchmark Hang Seng Index, which finished 1.2% lower.

PCD raised US$377.4 million after pricing the sale of 1.5 billion shares near the top end of a HK$1.65-HK$2.00 indicative price range. The IPO price translated to 18.8 times forecast 2010 earnings, lower than those of peers such as **Intime Department Store Group** Co., which is trading at a forward P/E of 25.4 times, and **Maoye International Holdings** Ltd., at 20 times, according to Thomson Reuters.

Retail sales in China have risen at a compound average growth rate of 12.5% over 10 years and will grow as the urban population increases.

Private-equity firm **3i Group** PLC, which invested in PCD in October 2005, sold its entire 9.5% stake in the IPO. 3i Group paid 84 Hong Kong cents a share for its stake.

Credit Suisse Group was the sole bookrunner for the IPO.

Auction pushes up Japan yields

By Megumi Fujikawa

TOKYO—Poor demand at an auction of 20-year Japanese government bonds sent yields generally higher, even as some traders and investors stepped in to hunt for bargains.

The government sold 1.0092 trillion yen ($113.93 billion) of the 20-year paper at a lowest price of 99.50—much lower than traders' expectations of 100—to yield 2.135%.

BOND MARKETS

Analysts said continued uncertainty about the government's issuance plans for the fiscal year that begins in April likely will continue to pressure yields higher. That uncertainty also made investors reluctant to bid aggressively at Tuesday's auction because superlong maturities are considered a particular target for supply increases.

Still, Barclays Capital chief strategist Chotaro Morita said 1.35% is "a strong cap" for the benchmark 10-year yield. It eased 0.01 percentage point Tuesday to 1.29%.

"As there's not much more supply planned for this year, the JGB market is now focused on overseas factors, such as U.S. Treasurys movements, rather than domestic factors," he said.

Treasurys fall after PPI data in thin trade

By Deborah Lynn Blumberg

NEW YORK—U.S. Treasury prices were lower Tuesday after a greater-than-expected jump in producer prices in November and as traders adjusted positions ahead of results of the Federal Reserve's last monetary-policy meeting of the year on Wednesday.

Trading was thin, with many market participants already having made their year-end bets and staying on the sidelines.

U.S. CREDIT MARKETS

Late morning, the 10-year note was down 16/32 at 98 3/32 to yield 3.61% and the two-year note was off 13/32 at 99 24/32 to yield 0.88%.

Investors had several pieces of key economic data to digest Tuesday morning as they geared up for the Federal Reserve policy meeting, the highlight of the week. Tuesday's first report, an update on producer prices, weighed on the market, and especially on longer-term Treasurys, which are the most sensitive to inflation. U.S. wholesale prices jumped by nearly twice as much as expected in November, driven by surging energy costs, and core prices posted their largest increase in more than a year.

The producer-price index for finished goods rose 1.8% on a seasonally adjusted basis in November, after rising by an unrevised 0.3% in October. Economists surveyed by Dow Jones Newswires had expected prices would climb by 1%. Core PPI, which excludes volatile food and energy prices, rose 0.5%, driven up by higher prices for light motor trucks and cigarettes. The increase in core PPI is the largest since October 2008 and is more than double the 0.2% rise that was expected. Rising inflation hurts longer-dated Treasurys, because rising prices eat into their fixed returns.

"The bond market is not taking today's data well," said Dan Greenhaus, chief economic strategist at Miller Tabak & Co. The market "is having a very tough December," he said, and if the selloff holds, a case can be made that the yield on the 10-year is moving outside of its trading range. At 3.60%, the 10-year yield is at its highest point since mid-August.

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FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US** YTD	1-YR	2-YR	5-YR
3	**Parvest Australia C**	BNP Paribas	AUD	Luxembrg	**90.45**	105.43	-8.76	13.89
4	**Dexia Eqs L Australia C Acc**	Dexia Asset Management	AUD	Luxembrg	**77.35**	95.89	-5.74	13.95
2	**FF - Australia A AUD**	Fidelity (FIL (Luxembourg) S.A.)	AUD	Luxembrg	**77.39**	95.59	-9.19	12.53
2	**Baring Australia A Class**	Baring Fund Managers Ltd	USD	Ireland	**77.06**	95.11	-10.54	11.82
NS	**db x-trackers S&P/ASX 200**	DB Platinum Advisors	AUD	Luxembrg	**70.67**	91.14	NS	NS
3	**SSgA Australia Index Equity Fund P**	State Street Global Advisors France	AUD	France	**69.88**	90.47	-8.44	12.55
5	**LionGlobal Australia AUD**	Lion Global Investors Ltd	AUD	Singapore	**69.36**	87.68	-3.48	NS
2	**Pioneer Inv Akt Australien A EUR ND**	Pioneer Asset Management S.A.	EUR	Luxembrg	**68.13**	85.67	-10.32	10.48
NS	**Maple-Brown Abbott Australian Eq EUR**	Maple-Brown Abbott	EUR	Ireland	**64.85**	74.88	-6.31	NS

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KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW Top-Div.Int.	GL	EQ	LUX	12/14	EUR	52.90	17.3	8.5	-29.6

AllianceBernstein

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Am Eq Blend A	OT	OT	LUX	12/14	USD	10.32	25.7	29.3	-15.5
Am Eq Blend B	US	EQ	LUX	12/14	USD	9.70	24.5	28.1	-16.3
Am Growth A	US	EQ	LUX	12/14	USD	30.50	33.2	48.9	-7.5
Am Growth AX	US	EQ	LUX	12/14	USD	32.91	33.9	49.7	-7.0
Am Growth B	US	EQ	LUX	12/14	USD	25.66	31.9	47.4	-8.5
Am Growth C	US	EQ	LUX	12/14	USD	27.60	32.6	48.1	-7.9
Am Growth I	US	EQ	LUX	12/14	USD	33.79	34.2	50.0	-6.8
Am Income A	US	BD	LUX	12/14	USD	8.44	24.6	30.6	5.6
Am Income A2	US	BD	LUX	12/14	USD	19.01	24.9	30.5	5.6
Am Income A2	OT	OT	NA	12/14	HKD	147.36	NS	NS	NS
Am Income AT	OT	OT	NA	12/14	HKD	65.42	NS	NS	NS
Am Income AT	US	BD	LUX	12/14	USD	8.44	24.9	30.6	5.6
Am Income B	US	BD	LUX	12/14	USD	8.44	23.7	29.3	4.7
Am Income B2	US	BD	LUX	12/14	USD	16.39	24.1	29.6	4.8
Am Income B2	OT	OT	NA	12/14	HKD	127.05	NS	NS	NS
Am Income BT	OT	OT	NA	12/14	HKD	65.73	NS	NS	NS
Am Income BT	US	BD	LUX	12/14	USD	8.48	24.1	29.6	4.8
Am Income C	US	BD	LUX	12/14	USD	8.44	24.0	29.9	5.0
Am Income C2	US	BD	LUX	12/14	USD	24.37	24.4	29.9	5.1
Am Income I	US	BD	LUX	12/14	USD	8.44	25.3	31.4	6.2
Am Value A	US	EQ	LUX	12/14	USD	8.54	18.4	25.6	-14.4
Am Value B	US	EQ	LUX	12/14	USD	7.86	17.1	24.4	-15.3
Am Value C	US	EQ	LUX	12/14	USD	8.54	17.8	25.0	-14.8
Am Value I	US	EQ	LUX	12/14	USD	9.18	19.2	26.4	-13.7
Emg Mkts Debt A	GL	BD	LUX	12/14	USD	15.63	44.1	51.7	8.0
Emg Mkts Debt A2	GL	BD	LUX	12/14	USD	20.14	44.7	51.9	8.0
Emg Mkts Debt AT	GL	BD	LUX	12/14	USD	15.70	44.6	51.8	8.0
Emg Mkts Debt B	GL	BD	LUX	12/14	USD	15.63	42.9	50.3	6.9
Emg Mkts Debt B2	GL	BD	LUX	12/14	USD	19.40	43.3	50.3	6.9
Emg Mkts Debt BT	GL	BD	LUX	12/14	USD	15.68	43.2	50.2	6.9
Emg Mkts Debt C	GL	BD	LUX	12/14	USD	15.63	43.6	51.0	7.5
Emg Mkts Debt C2	GL	BD	LUX	12/14	USD	19.79	44.0	51.1	7.5
Emg Mkts Debt I	GL	BD	LUX	12/14	USD	15.63	44.8	52.4	8.5
Emg Mkts Growth A	GL	EQ	LUX	12/14	USD	34.36	71.5	73.0	-13.2
Emg Mkts Growth B	GL	EQ	LUX	12/14	USD	29.14	69.9	71.3	-14.1
Emg Mkts Growth C	GL	EQ	LUX	12/14	USD	29.79	70.7	72.3	-13.6
Emg Mkts Growth I	GL	EQ	LUX	12/14	USD	38.08	72.8	74.4	-12.5
Eur Growth A	OT	OT	LUX	12/14	USD	9.98	22.3	22.7	-19.0
Eur Growth A	OT	OT	LUX	12/14	EUR	6.81	22.3	22.7	-19.0
Eur Growth B	OT	OT	LUX	12/14	EUR	6.13	21.1	21.6	-19.8
Eur Growth B	OT	OT	LUX	12/14	USD	8.98	21.1	21.6	-19.8
Eur Growth C	EU	EQ	LUX	12/14	EUR	5.16	21.7	22.3	-19.3
Eur Growth I	OT	OT	LUX	12/14	USD	10.87	23.1	23.7	-18.4
Eur Growth I	OT	OT	LUX	12/14	EUR	7.42	23.1	23.7	-18.4
Eur Income A	OT	OT	LUX	12/14	EUR	6.62	39.3	39.6	4.0
Eur Income A	OT	OT	LUX	12/14	USD	9.70	39.3	39.6	4.0
Eur Income A2	OT	OT	LUX	12/14	EUR	12.86	39.6	39.6	3.9
Eur Income A2	OT	OT	LUX	12/14	USD	18.84	39.6	39.6	3.9
Eur Income AT	EU	BD	LUX	12/14	EUR	6.62	39.6	39.6	3.9
Eur Income B	OT	OT	LUX	12/14	EUR	6.62	38.5	38.7	3.3
Eur Income B	OT	OT	LUX	12/14	USD	9.70	38.5	38.7	3.3
Eur Income B2	OT	OT	LUX	12/14	EUR	11.97	38.7	38.5	3.2
Eur Income B2	OT	OT	LUX	12/14	USD	17.54	38.7	38.5	3.2
Eur Income BT	EU	BD	LUX	12/14	EUR	6.62	38.8	38.8	3.2
Eur Income C	OT	OT	LUX	12/14	EUR	6.62	38.8	39.0	3.5
Eur Income C	OT	OT	LUX	12/14	USD	9.70	38.8	39.0	3.5
Eur Income C2	OT	OT	LUX	12/14	USD	12.82	39.0	38.9	3.4
Eur Income C2	OT	OT	LUX	12/14	USD	18.78	39.0	38.9	3.4
Eur Income I	OT	OT	LUX	12/14	EUR	6.62	39.9	40.3	4.5
Eur Income I	OT	OT	LUX	12/14	USD	9.70	39.9	40.3	4.5
Eur Strat Value A	OT	OT	LUX	12/14	EUR	8.35	20.0	18.3	-22.7
Eur Strat Value A	OT	OT	LUX	12/14	USD	12.23	20.0	18.3	-22.7
Eur Strat Value I	OT	OT	LUX	12/14	EUR	8.54	20.8	19.1	-22.0
Eur Strat Value I	OT	OT	LUX	12/14	USD	12.51	20.8	19.1	-22.0
Eur Value A	OT	OT	LUX	12/14	USD	13.18	23.6	22.8	-19.6
Eur Value A	OT	OT	LUX	12/14	EUR	9.00	23.6	22.8	-19.6
Eur Value B	OT	OT	LUX	12/14	EUR	8.28	22.3	21.4	-20.5
Eur Value B	OT	OT	LUX	12/14	USD	12.13	22.3	21.4	-20.5
Eur Value C	OT	OT	LUX	12/14	USD	12.75	22.9	22.0	-20.0
Eur Value C	OT	OT	LUX	12/14	EUR	8.70	22.9	22.0	-20.0
Eur Value I	OT	OT	LUX	12/14	USD	15.22	24.4	23.7	-19.0
Eur Value I	OT	OT	LUX	12/14	EUR	10.39	24.4	23.7	-19.0
Gl Balanced (Euro) A	OT	OT	LUX	12/14	USD	16.69	20.1	21.9	-11.6
Gl Balanced (Euro) B	OT	OT	LUX	12/14	USD	16.26	19.0	20.8	-12.4
Gl Balanced (Euro) C	OT	OT	LUX	12/14	USD	16.55	19.8	21.6	-11.8
Gl Balanced (Euro) I	OT	OT	LUX	12/14	USD	16.98	NS	NS	NS
Gl Balanced A	US	BA	LUX	12/14	USD	16.51	24.2	27.5	-10.5
Gl Balanced B	US	BA	LUX	12/14	USD	15.71	23.1	26.2	-11.3
Gl Balanced C	OT	OT	LUX	12/14	USD	16.27	23.9	27.1	-10.7
Gl Balanced C	OT	OT	LUX	12/14	EUR	11.11	23.9	27.1	-10.7
Gl Balanced I	US	BA	LUX	12/14	USD	17.12	25.1	28.3	-9.8
Gl Bond A	US	BD	LUX	12/14	USD	9.32	13.2	16.3	5.1
Gl Bond A2	US	BD	LUX	12/14	USD	16.12	13.4	16.2	5.1
Gl Bond A2	OT	OT	NA	12/14	HKD	124.96	13.4	16.2	5.1
Gl Bond AT	OT	OT	LUX	12/14	HKD	72.25	13.5	16.3	5.2
Gl Bond AT	US	BD	LUX	12/14	USD	9.32	13.5	16.3	5.2
Gl Bond B	US	BD	LUX	12/14	USD	9.32	12.2	15.1	4.1
Gl Bond B2	US	BD	LUX	12/14	USD	14.12	12.3	15.0	4.1
Gl Bond B2	OT	OT	NA	12/14	HKD	109.45	12.3	15.0	4.1
Gl Bond BT	OT	OT	LUX	12/14	HKD	72.48	12.3	15.1	4.1
Gl Bond BT	US	BD	LUX	12/14	USD	9.35	12.3	15.1	4.1
Gl Bond C	US	BD	LUX	12/14	USD	9.32	12.8	15.7	4.6
Gl Bond C2	US	BD	LUX	12/14	USD	13.99	12.9	15.7	4.7
Gl Bond I	US	BD	LUX	12/14	USD	9.32	13.8	16.9	5.7
Gl Conservative A	US	BA	LUX	12/14	USD	14.91	15.7	18.1	-4.1
Gl Conservative A2	US	BA	LUX	12/14	USD	16.97	16.4	18.8	-3.8
Gl Conservative B	US	BA	LUX	12/14	USD	14.91	14.9	17.2	-4.9
Gl Conservative B2	US	BA	LUX	12/14	USD	16.13	15.3	17.7	-4.7
Gl Conservative C	US	BA	LUX	12/14	USD	14.90	15.3	17.7	-4.4
Gl Conservative C2	US	BA	LUX	12/14	USD	16.60	15.9	18.3	-4.2
Gl Conservative I	US	BA	LUX	12/14	USD	14.97	16.5	19.0	-3.4
Gl Eq Blend A	GL	EQ	LUX	12/14	USD	11.65	30.3	34.1	-21.0
Gl Eq Blend B	GL	EQ	LUX	12/14	USD	10.94	29.2	32.6	-21.8
Gl Eq Blend C	GL	EQ	LUX	12/14	USD	11.44	29.7	33.3	-21.4
Gl Eq Blend I	GL	EQ	LUX	12/14	USD	12.28	31.3	35.1	-20.4
Gl Growth A	GL	EQ	LUX	12/14	USD	41.71	29.3	33.0	-22.2
Gl Growth B	GL	EQ	LUX	12/14	USD	34.84	28.1	31.8	-22.9
Gl Growth C	GL	EQ	LUX	12/14	USD	40.04	28.8	32.5	-22.5
Gl Growth I	GL	EQ	LUX	12/14	USD	46.30	30.3	34.1	-21.5
Gl High Yield A	US	BD	LUX	12/14	USD	4.29	58.1	66.3	3.7
Gl High Yield A2	US	BD	LUX	12/14	USD	9.14	58.7	65.9	3.6
Gl High Yield A2	OT	OT	NA	12/14	HKD	70.85	58.7	65.9	3.6
Gl High Yield AT	OT	OT	NA	12/14	HKD	32.94	58.7	65.9	3.6
Gl High Yield AT	US	BD	LUX	12/14	USD	4.25	58.7	65.9	3.6
Gl High Yield B	US	BD	LUX	12/14	USD	4.29	56.2	64.2	2.4
Gl High Yield B2	US	BD	LUX	12/14	USD	14.69	57.1	64.1	2.6
Gl High Yield B2	OT	OT	NA	12/14	HKD	113.87	57.1	64.1	2.6
Gl High Yield BT	OT	OT	NA	12/14	HKD	33.56	57.1	64.5	2.7
Gl High Yield BT	US	BD	LUX	12/14	USD	4.33	57.1	64.5	2.7
Gl High Yield C	US	BD	LUX	12/14	USD	4.29	57.2	65.4	3.1
Gl High Yield C2	US	BD	LUX	12/14	USD	13.54	58.0	65.1	3.1
Gl High Yield I	US	BD	LUX	12/14	USD	4.29	59.1	67.5	4.4
Gl Thematic Res. A	OT	OT	LUX	12/14	USD	14.66	67.5	72.5	-3.6
Gl Thematic Res. B	OT	OT	LUX	12/14	USD	12.83	66.0	70.6	-4.6
Gl Thematic Res. I	OT	OT	LUX	12/14	USD	16.34	68.8	73.8	-2.9
Gl Value A	GL	EQ	LUX	12/14	USD	11.16	31.4	34.9	-20.0
Gl Value B	GL	EQ	LUX	12/14	USD	10.26	30.2	33.6	-20.8
Gl Value C	GL	EQ	LUX	12/14	USD	10.85	30.9	34.4	-20.3
Gl Value I	GL	EQ	LUX	12/14	USD	11.87	32.5	36.1	-19.3
Greater China A	AS	EQ	LUX	12/14	USD	39.92	55.6	54.6	-15.9
Greater China B	AS	EQ	LUX	12/14	USD	35.34	54.1	53.1	-16.8
Greater China C	AS	EQ	LUX	12/14	USD	39.43	55.0	54.0	-16.3
India Growth A	OT	OT	LUX	12/14	USD	124.25	NS	NS	NS
India Growth AX	OT	OT	LUX	12/14	USD	108.59	88.0	88.5	-11.1
India Growth B	OT	OT	LUX	12/14	USD	130.22	NS	NS	NS
India Growth BX	OT	OT	LUX	12/14	USD	92.87	86.2	86.6	-11.9
India Growth I	EA	EQ	LUX	12/14	USD	112.50	88.7	89.3	-10.7
Int'l Health Care A	OT	EQ	LUX	12/14	USD	136.90	16.6	24.2	-9.1
Int'l Health Care B	OT	EQ	LUX	12/14	USD	115.52	15.5	22.9	-10.0
Int'l Health Care C	OT	EQ	LUX	12/14	USD	131.23	16.1	23.6	-9.5
Int'l Health Care I	OT	EQ	LUX	12/14	USD	149.51	17.5	25.2	-8.3
Int'l Technology A	OT	EQ	LUX	12/14	USD	107.00	46.3	47.7	-12.8
Int'l Technology B	OT	EQ	LUX	12/14	USD	92.76	44.9	46.2	-13.7
Int'l Technology C	OT	EQ	LUX	12/14	USD	103.43	45.7	47.0	-13.2
Int'l Technology I	OT	EQ	LUX	12/14	USD	119.93	47.4	48.9	-12.1
Japan Eq Blend A	JP	EQ	LUX	12/14	JPY	5834.00	8.7	14.0	-24.4
Japan Eq Blend B	JP	EQ	LUX	12/14	JPY	5632.00	7.7	12.9	-25.2
Japan Eq Blend C	JP	EQ	LUX	12/14	JPY	5742.00	8.3	13.5	-24.8
Japan Growth A	JP	EQ	LUX	12/14	JPY	5720.00	2.8	7.9	-24.8
Japan Growth B	JP	EQ	LUX	12/14	JPY	5522.00	1.9	6.9	-25.5
Japan Growth C	JP	EQ	LUX	12/14	JPY	5630.00	2.4	7.5	-25.1
Japan Strat Value A	JP	EQ	LUX	12/14	JPY	5906.00	14.5	20.0	-24.5
Japan Strat Value B	JP	EQ	LUX	12/14	JPY	5707.00	13.4	18.8	-25.2
Japan Strat Value C	JP	EQ	LUX	12/14	JPY	5809.00	14.0	19.4	-24.8
Real Estate Sec. A	OT	EQ	LUX	12/14	USD	14.19	33.0	42.8	-15.6
Real Estate Sec. B	OT	EQ	LUX	12/14	USD	12.98	31.8	41.4	-16.4
Real Estate Sec. I	OT	EQ	LUX	12/14	USD	15.25	34.0	44.0	-14.8
Short Mat Dollar A	US	BD	LUX	12/14	USD	7.23	10.8	11.9	-6.1
Short Mat Dollar A2	US	BD	LUX	12/14	USD	9.72	11.0	11.9	-6.1
Short Mat Dollar AT	US	BD	LUX	12/14	USD	7.22	11.0	11.9	-6.1
Short Mat Dollar B	US	BD	LUX	12/14	USD	7.23	10.3	11.4	-6.5
Short Mat Dollar B2	US	BD	LUX	12/14	USD	9.67	10.4	11.3	-6.6
Short Mat Dollar BT	OT	OT	LUX	12/14	USD	7.24	9.8	10.8	-6.8
Short Mat Dollar C	US	BD	LUX	12/14	USD	7.23	10.3	11.4	-6.5
Short Mat Dollar C2	US	BD	LUX	12/14	USD	13.68	10.5	11.3	-6.5
Short Mat Dollar I	US	BD	LUX	12/14	USD	7.23	11.3	12.5	-5.5

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	10/30	USD	1642.69	69.6	71.6	NS

CREDIT PACIFIC ASSET MANAGMENT
www.creditpacific.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
CPS-Master Priv Fund	GL	OT	WSM	12/09	USD	120.48	20.5	20.3	9.7

PLATINUM CAPITAL MANAGEMENT

PLATINUM CAPITAL MANAGEMENT
Tel: +44 207 024 9840, www.platinumfunds.net

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Platinm-All Star	OT	OT	CYM	09/30	USD	94.24	12.2	-6.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	09/30	USD	59.71	27.4	-18.1	-32.3
Platinm-Nordic	OT	OT	CYM	09/30	SEK	591.49	8.4	-6.2	-19.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7

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**Closed for New Investments*

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Superfund Cayman*	OT	OT	CYM	12/08	USD	43.91	-47.3	-46.5	-2.8
Superfund GCT USD*	GL	EQ	LUX	12/08	USD	2335.00	-36.1	-36.1	-0.6
Superfund Green Gold A (SPC)	OT	OT	CYM	12/08	USD	1049.12	-9.8	0.1	12.5
Superfund Green Gold B (SPC)	OT	OT	CYM	12/08	USD	1033.53	-23.3	-15.4	9.4
Superfund Q-AG*	OT	OT	AUT	12/08	EUR	6761.00	-22.9	-22.5	3.2

WINTON CAPITAL MANAGEMENT LTD
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Winton Evolution EUR Cls H	OT	OT	CYM	11/30	EUR	972.73	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	11/30	GBP	976.73	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	11/30	USD	1232.74	-2.8	-1.2	3.7
Winton Futures EUR Cls C	OT	OT	VGB	11/30	EUR	202.11	-1.8	-0.1	9.2
Winton Futures GBP Cls D	OT	OT	VGB	11/30	GBP	218.35	-1.6	0.4	10.2
Winton Futures JPY Cls E	OT	OT	VGB	11/30	JPY	14398.02	-2.4	-0.4	6.9
Winton Futures USD Cls B	OT	OT	VGB	11/30	USD	716.94	-2.2	-0.2	8.9

Allianz Global Investors

ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	12/14	EUR	51.09	31.4	41.6	-12.4
Industria AE	EU	EQ	DEU	12/14	EUR	69.90	33.6	35.1	-17.9
InternRent AE	EU	BD	DEU	12/14	EUR	35.46	4.4	1.0	10.4

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

U.S. stocks drift lower; European banks suffer

By Geoffrey Rogow And Donna Kardos Yesalavich

NEW YORK—U.S. stocks traded slightly lower at midday Tuesday, hurt by concerns over rising wholesale prices and deteriorating manufacturing conditions.

A day after setting another closing high for 2009, the Dow Jones Industrial Average was down 23.96 points, or 0.2%, at 10487 in midday trading.

ABREAST OF THE MARKET

Financial components **Bank of America** and **J.P. Morgan Chase** were the measure's weakest stocks. Bank of America fell 2.4%, while J.P. Morgan shed 2.2%. Consumer stocks kept the declines in check with **Walt Disney** and **Home Depot** both trading in the green.

Among other indexes, the technology-heavy Nasdaq Composite was up fractionally at 2212.63. The Standard & Poor's 500-share index was down 2.34 point, or 0.2%, to 1111.77.

Wells Fargo became the last of the nation's biggest banks to unveil plans to repay $25 billion of government bailout funds it received at the height of the global financial crisis. Its shares were up 1.7%.

Best Buy fell 8.7%. Strong unit sales of laptops, televisions and other electronics helped the consumer-electronic retailer post better-than-expected fiscal third-quarter earnings, but Best Buy said revenue gains are being driven by items with lower profitability, such as notebook computers and entry-level televisions, which will impact margins.

At 11 a.m., oil for January delivery was up $1.36, or 2%, to $70.87 a barrel on the New York Mercantile Exchange.

European markets

Worries grew about the health of the banking sector, but the broader market finished unmoved. The pan-European Dow Jones Stoxx 600 index edged up 0.1% to 247.17.

Austria's **Raiffeisen International** fell 5.8%, **Allied Irish Banks** dropped 6.3% and Greece's **Piraeus Bank** fell 4.8%.

The Austrian government said Monday that it would nationalize distressed lender Hypo Group Alpe Adria. Tuesday, Austrian newspaper Die Presse reported that Austria's fourth largest financial institution, Österreichische Volksbanken, has been put on a watch list by the country's central bank and its financial market regulatory agency.

Both the central bank and bank denied the report.

The Greek ASE Composite fell 2.1% to 2169.98, while Austria's ATX shed 2.1% to 2452.56.

Among other national indexes, the German DAX index rose 0.2% to 5811.34 and the French CAC-40 index added 0.1% to 3834.09, while the U.K. FTSE 100 index fell 0.6% to 5285.77.

—Sarah Turner in London contributed to this article.

Euro sinks to 2-month low against dollar

By Don Curren

TORONTO—The dollar was sharply higher Tuesday morning as credit concerns in Austria and Greece continue to pressure the euro and other European currencies.

The euro hit a 2½-month low against the dollar, and investor wariness of risk weighed on a range of other currencies, including the Australian and Canadian dollars.

CURRENCY MARKETS

Confidence in an economic recovery in the U.S. and conjecture the Federal Reserve could acknowledge a rosier outlook also underpinned the greenback. The Fed began its two-day open market committee meeting Tuesday and will issue its statement Wednesday.

Early morning, the dollar was at 89.50 yen from 88.58 yen late Monday in New York. The euro fell to $1.4557 from $1.4653 and was at 130.18 yen from 129.80 yen. The dollar was also up at 1.0392 Swiss francs from 1.0320 francs, while the pound fell to $1.6238 from $1.6308.

The debt situation for some euro zone member countries has become a significant drag on the single currency. The Greek government's efforts to grapple with its fiscal situation failed to reassure investors.

Worries about the euro-zone financial system were amplified by the surprise nationalization Monday of Hypo Group Alpe Adria by the Austrian government.

Property, financials hit Shanghai, Hong Kong

By Colin Ng And Philip Vahn

Most major Asian markets ended lower Tuesday, with Chinese property and financial shares dragged down on renewed fears that Beijing may act to cool rising residential-property prices.

There was caution a day after Abu Dhabi's move to provide $10 billion in financing to help Dubai cover its debts helped regional markets rebound, with investors also warily looking forward to the U.S. Federal Reserve's meeting and a swathe of U.S. data this week.

ASIAN-PACIFIC STOCKS

ANZ senior economist Khoon Goh said investors will continue to keep a close watch on Dubai. "There is still a massive amount of debt that Dubai World needs to work off, and it is doubtful that Abu Dhabi will be willing to continue stumping up," he said.

Japan's Nikkei Stock Average of 225 companies finished 0.2% lower at 10083.48, China's Shanghai Composite fell 0.9% and Hong Kong's Hang Seng Index gave up 1.2%. India's Sensex fell 1.3% to close at 16877.16, dragged down by a sharp selloff in banks.

Chinese property and banking stocks declined after China's State Council said that it would take steps to cool rapidly rising property prices in some cities and that it aims to improve supply of low-cost housing.

China Vanke lost 3.4% in Shenzhen and **Poly Real Estate Group** gave up 3.4% in Shanghai, while **Guangzhou R&F Properties** shed 3.5% and **Country Garden Holdings** fell 4.8% in Hong Kong. Banks also dropped on worries about restrictions on credit flows to the property sector, with **China Merchants Bank** falling 1% and **China Construction Bank** losing 2.2% in Hong Kong.

Shipping stocks fell after the Baltic Dry Index extended losses from the previous day, with **Nippon Yusen K.K.** falling 1.9% and **Mitsui O.S.K. Lines** shedding 1.5% in Tokyo, **STX Pan Ocean** losing 1.2% in Seoul and **China Cosco Holdings** dropping 2.3% in Hong Kong.

In Sydney, banks and resources stocks advanced. **Australia & New Zealand Banking Group** rose 1.3% and **BHP Billiton** gained 1.1%.

Real-estate shares outperformed in Tokyo. Mizuho Investors Securities analyst Takahiko Kishi said the buying was due mainly to a Nikkei report that **Secured Capital Japan**, a leading real-estate fund, would buy the Pacific Century Place building in Tokyo's Marunouchi district for about 140 billion yen ($1.58 billion) this month.

Mitsui Fudosan was up 2.1% and **Mitsubishi Estate** rose 2.9%.

In Mumbai, banks fell on fears of higher interest rates following a jump in November inflation and on concerns of weak quarterly results, dealers said. **ICICI Bank** fell 3%, while **HDFC Bank** slipped 3.3%. **State Bank of India** fell 3%.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
CAM-GTF Limited	AS	EQ	MUS	12/04	USD	258874.38	91.9	110.6	-0.5

GAM

■ GAM FUND MANAGEMENT LIMITED
George's Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel +3531 609 3927 Fax +3531 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	12/04	USD	1233.43	21.7	14.0	-9.3
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	12/14	JPY	15440.89	64.7	74.0	0.5
GAM Asia Equity Hedge US	OT	OT	VGB	12/14	USD	289.30	65.8	75.6	2.2
GAM Asia Equity USD	OT	OT	VGB	12/14	USD	652.86	62.6	72.6	-12.7
GAM Asia-Pacific Eq USD	OT	OT	VGB	12/08	USD	1280.08	19.2	36.9	-17.3
GAM Com Glb Bal EUR Op	US	BA	VGB	12/07	EUR	92.97	15.3	19.6	-9.4
GAM Com Glb Bal USD Op	US	BA	VGB	12/07	USD	127.88	15.3	19.6	-9.4
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	12/07	EUR	94.77	21.9	29.7	-16.5
GAM Comp Glb Eq USD Op	GL	EQ	VGB	12/07	USD	127.33	21.9	29.7	-16.5
GAM Comp Glb Gr EUR Op	US	BA	VGB	12/07	EUR	83.61	15.6	21.5	-13.7
GAM Comp Glb Gr USD Op	US	BA	VGB	12/07	USD	126.97	15.6	21.5	-13.7
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	12/11	USD	243.63	33.8	39.8	-13.6
GAM Cross Trading Inc	OT	OT	VGB	12/07	USD	465.16	6.3	6.6	6.6
GAM Diversity CHF Op	OT	OT	VGB	12/07	CHF	94.62	4.6	3.3	-6.8
GAM Diversity EUR Op	OT	OT	VGB	12/07	EUR	650.56	5.4	4.6	-5.2
GAM Diversity USD 2.5XL	OT	OT	VGB	12/07	USD	78.98	9.5	7.4	-19.6
GAM Diversity USD Op	OT	OT	VGB	12/07	USD	683.10	5.4	4.4	-5.7
GAM Dvrsty II CHF Op	OT	OT	VGB	12/07	CHF	99.92	4.4	3.0	-6.5
GAM Dvrsty II EUR Op	OT	OT	VGB	12/07	EUR	139.30	5.0	3.6	-5.3
GAM Dvrsty II USD Op	OT	OT	VGB	12/07	USD	211.02	5.0	3.8	-5.6
GAM DvrstyIII EUR Op	OT	OT	VGB	12/07	EUR	116.03	5.0	3.4	-5.4
GAM DvrstyIII USD Op	OT	OT	VGB	12/07	USD	122.48	5.0	3.5	-5.6
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	12/07	EUR	213.61	8.3	9.0	-5.9
GAM Euro Eq Hdg USD Op	OT	OT	VGB	12/07	USD	198.73	9.1	12.9	-4.3
GAM European Equity USD	OT	OT	VGB	12/14	USD	295.37	25.6	31.4	-14.0
GAM GAMCO	OT	EQ	VGB	12/08	USD	793.73	36.8	52.0	-12.4
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	12/07	EUR	98.44	14.1	14.5	-16.2
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	12/07	USD	103.77	14.6	14.9	-15.5
GAM Gbl Divers USD Inc.	GL	EQ	VGB	12/07	USD	251.73	23.3	32.4	-8.7
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	12/07	USD	290.16	103.2	124.4	20.4
GAM Intrst Trend II	GL	BD	VGB	12/07	USD	93.98	42.2	36.9	-8.0
GAM Intrst Trend Inc	OT	OT	VGB	12/07	USD	249.93	56.9	52.1	-6.6
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	12/07	EUR	115.99	8.6	9.4	-9.1
GAM Japan Eq Hdg USD Op	OT	OT	VGB	12/07	USD	121.28	7.8	14.3	-20.3
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	12/07	JPY	8343.78	8.2	14.7	-20.1
GAM Japan USD	JP	EQ	VGB	12/14	USD	1088.43	5.2	14.0	-17.1
GAM Japan YEN	JP	EQ	VGB	12/14	JPY	8525.27	6.4	14.7	-25.0
GAM Money Mkt EuroOp	EU	MM	VGB	12/11	EUR	51.19	0.1	0.1	1.8
GAM Money Mkt USD	US	MM	VGB	12/11	USD	99.95	-0.1	-0.1	0.9
GAM Multi-Arb EUR Op	OT	OT	VGB	12/07	EUR	113.69	1.4	-0.9	-8.4
GAM Multi-Arb USD Op	OT	OT	VGB	12/07	USD	118.72	1.7	-0.7	-8.7
GAM Multi-China EUR Op	OT	OT	VGB	12/07	EUR	168.17	13.2	13.5	-8.5
GAM Multi-China USD Op	OT	OT	VGB	12/07	USD	176.80	13.8	14.1	-9.4
GAM Multi-Emer Mkts GBP	OT	OT	VGB	12/07	GBP	130.40	24.7	23.2	-2.3
GAM Multi-Emer Mkts USD	OT	OT	VGB	12/07	USD	645.81	24.6	23.2	-2.7
GAM Multi-Eur EUR Op	OT	OT	VGB	12/07	EUR	269.11	7.2	6.3	-9.9
GAM Multi-Eur II EUR Op	OT	OT	VGB	12/07	EUR	138.47	7.2	6.2	-10.0
GAM Multi-Eur II USD Op	OT	OT	VGB	12/07	USD	113.24	6.8	5.8	-10.9
GAM Multi-Eur USD Op	OT	OT	VGB	12/07	USD	468.44	6.9	6.0	-10.8
GAM Multi-Nth Am EUR Special	OT	OT	VGB	12/07	EUR	132.75	11.4	11.2	-4.3
GAM Multi-Nth Am USD Special	OT	OT	VGB	12/07	USD	216.32	11.8	11.9	-4.3
GAM Multi-Pac EUR Op	GL	EQ	VGB	12/07	EUR	142.87	4.8	4.6	-4.5
GAM Multi-Pac USD Op	OT	OT	VGB	12/07	USD	164.92	4.9	4.9	-4.8
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	12/04	USD	2554.68	64.2	64.9	9.2
GAM Sing/Malaysia	AS	EQ	VGB	12/14	USD	2526.32	52.1	55.2	-10.1
GAM Sterling Spe Bd Inc	OT	OT	VGB	12/07	GBP	241.71	39.9	39.8	2.1
GAM Trading EUR Inc	OT	OT	VGB	12/07	EUR	324.66	6.2	6.0	7.2
GAM Trading USD Inc	OT	OT	VGB	12/07	USD	971.52	6.4	6.7	6.7
GAM Trdg II IncEUR Op	OT	OT	VGB	12/07	EUR	138.89	6.1	6.3	7.2
GAM Trdg II IncUSD Op	OT	OT	VGB	12/07	USD	315.45	6.4	6.7	6.7
GAM Trdg IV IncEUR Op	OT	OT	VGB	12/07	EUR	146.55	5.9	5.6	6.8
GAM Trdg IV IncUSD Op	OT	OT	VGB	12/07	USD	154.28	6.1	6.1	6.6
GAM Trdg V IncEUR Op	OT	OT	VGB	12/07	EUR	124.26	5.9	5.4	6.7
GAM Trdg V IncUSD Op	OT	OT	VGB	12/07	USD	129.39	6.0	6.0	6.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	12/07	EUR	156.72	6.0	6.0	6.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	12/07	USD	162.25	6.1	6.5	6.6
GAM USDSpecBondInc	US	BD	VGB	12/07	USD	516.87	70.0	70.6	5.8
GAM Worldwide	GL	EQ	VGB	12/11	USD	2221.45	24.0	25.6	-11.7
GAMut Investments	OT	OT	VGB	12/09	USD	7569.02	4.2	5.3	7.7

■ GAM Star Fund Plc

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	12/11	CHF	10.92	54.2	40.1	-18.7
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	12/11	EUR	11.55	54.5	49.0	-14.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	12/11	GBP	1.54	45.6	50.9	-4.0
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	12/11	USD	13.28	61.9	63.5	-14.0
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	12/14	EUR	98.46	16.5	21.2	-15.7
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	12/14	EUR	95.29	16.5	21.2	-15.7
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	12/14	EUR	10.64	20.9	22.2	-12.8
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	12/14	EUR	177.60	21.3	21.3	-15.1
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	12/14	EUR	162.28	21.2	21.3	-15.1
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	12/14	USD	15.86	27.1	33.0	-14.2
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	12/14	USD	14.38	27.1	33.0	-14.2
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	12/11	USD	5.33	13.3	8.2	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	12/14	EUR	86.01	5.7	9.7	-15.2
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	12/14	EUR	86.01	5.7	9.7	-15.2
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	12/14	JPY	890.25	6.2	14.3	-24.9
GAMStar-JpnEq USD Acc	JP	EQ	IRL	12/14	USD	10.99	4.4	13.1	-17.2
GAMStar-World EqUSD Acc	GL	EQ	IRL	12/14	USD	2211.13	25.6	29.6	-9.9

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
EFG-Hermes Egypt	GL	EQ	BMU	11/30	USD	37.39	8.1	17.6	-22.2
EFG-Hermes MEDA☆	GL	EQ	BMU	11/30	USD	22.90	9.3	18.7	-18.4
EFG-Hermes Saudi Arabia Equity	EA	EQ	SAU	12/08	SAR	5.90	NS	NS	NS
EFG-Hermes Telecom	OT	EQ	BMU	11/30	USD	28.65	11.7	14.1	-13.0

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
LG Antenna	GL	EQ	BMU	12/11	USD	59.23	73.5	92.4	-11.4
LG Asian Plus	AS	EQ	CYM	12/04	USD	56.80	50.3	59.5	-19.1
LG AsianSmallerCo's	AS	EQ	BMU	12/14	USD	96.64	75.2	81.7	-20.9
LG India	EA	EQ	MUS	12/10	USD	63.77	99.8	125.2	-16.6

Manulife WEALTH MANAGEMENT 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
American Growth	US	EQ	LUX	12/15	USD	14.96	23.5	27.1	-14.4
American Growth AA	US	EQ	LUX	12/15	USD	0.86	23.2	26.7	-7.6
Asian Equity	AS	EQ	LUX	12/15	USD	2.42	62.8	70.5	-9.5
Asian Equity AA	AS	EQ	LUX	12/15	USD	0.78	62.2	69.8	-9.8
Asian Sm Cap Equity AA	AS	EQ	LUX	12/15	USD	1.15	91.5	104.5	-5.5
China Value A	AS	EQ	LUX	12/15	USD	7.09	64.6	72.4	-6.0
China Value AA	AS	EQ	LUX	12/15	USD	2.23	64.2	72.0	-6.2
Dragon Growth	AS	EQ	LUX	12/15	USD	1.64	69.0	71.3	-9.0
Dragon Growth AA	OT	OT	LUX	12/15	HKD	7.99	68.9	71.0	-10.1
Emg Eastrn Europe A	EU	EQ	LUX	12/15	USD	4.42	87.3	86.9	-20.3
Emg Eastrn Europe AA	EU	EQ	LUX	12/15	USD	1.90	87.0	86.6	-20.4
European Growth	EU	EQ	LUX	12/15	USD	8.99	40.6	51.3	-18.5
European Growth AA	EU	EQ	LUX	12/15	USD	0.64	40.3	50.9	-18.7
Global Contrarain AA	GL	EQ	LUX	12/15	USD	0.87	79.4	89.6	NS
Global Property AA	OT	EQ	LUX	12/15	USD	0.67	44.5	57.5	-15.4
Global Resources AA	OT	EQ	LUX	12/15	USD	1.07	51.4	65.3	-11.3
Healthcare AA	OT	EQ	LUX	12/15	USD	0.93	12.5	19.2	NS
India Equity AA	EA	EQ	LUX	12/15	USD	1.06	76.8	77.6	-19.7
International Growth	GL	EQ	LUX	12/15	USD	3.01	20.7	26.1	-16.5
International Growth AA	GL	EQ	LUX	12/15	USD	0.70	20.5	25.8	-16.7
Japanese Growth	JP	EQ	LUX	12/15	USD	2.77	8.0	15.0	-13.6
Japanese Growth AA	JP	EQ	LUX	12/15	USD	0.72	7.7	14.7	-12.1
Latin America Equity AA	GL	EQ	LUX	12/15	USD	1.29	105.1	103.0	-4.4
Manulife GF Strategic Income Fund AA	OT	OT	NA	12/14	USD	1.00	NS	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	12/15	USD	1.12	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	12/15	USD	0.62	125.9	120.4	-23.7
Taiwan Equity AA	AS	EQ	LUX	12/15	USD	1.03	76.6	85.3	1.1
Turkey Equity AA	EE	EQ	LUX	12/15	USD	0.71	95.1	113.3	-16.7
U.S. Bond AA	US	BD	LUX	12/15	USD	1.11	18.0	20.7	7.7
U.S. High Yield Bond AA	US	BD	LUX	12/15	USD	0.80	77.8	87.2	-1.4
U.S. Sm Cap Equity AA	US	EQ	LUX	12/15	USD	0.80	64.3	67.0	-14.8
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	12/15	USD	1.14	7.9	10.5	3.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Indonesian Grth Fund	EA	EQ	CYM	12/02	USD	123.32	113.8	166.8	-3.6

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Asia Value Formula Fd-B	AS	EQ	CYM	12/14	USD	7.94	85.1	89.0	-7.0

SOCIETE GENERALE
Asset Management

■ SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM
SGAM Fund

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Bonds Eur Hi Yld A	EU	BD	LUX	12/11	EUR	20.37	53.2	54.7	-2.0
Bonds EURO A	EU	BD	LUX	12/14	EUR	41.31	4.6	6.8	5.9
Bonds EUROPE A	EU	BD	LUX	12/14	EUR	39.22	3.5	5.6	4.9
Bonds US OppsCoreplus A	US	BD	LUX	12/11	USD	37.08	17.6	20.1	8.9
Bonds World A	GL	BD	LUX	12/14	USD	43.28	8.7	12.6	8.8
Eq. China A	AS	EQ	LUX	12/14	USD	24.50	63.9	67.8	-12.7
Eq. ConcentratedEuropeA	EU	EQ	LUX	12/14	EUR	26.21	27.2	27.5	-18.9
Eq. Eastern Europe A	EU	EQ	LUX	12/14	EUR	21.92	65.9	53.3	-29.6
Eq. Euroland A	EU	EQ	LUX	12/14	EUR	10.55	15.1	17.1	-21.6
Eq. EurolandCyclclsA	EU	EQ	LUX	12/11	EUR	17.31	26.0	28.1	-17.7
Eq. EurolandFinancialA	OT	EQ	LUX	12/14	EUR	11.11	31.9	29.1	-22.9
Eq. Glbl Emg Cty A	GL	EQ	LUX	12/14	USD	9.57	60.1	65.8	-15.8
Eq. Global A	GL	EQ	LUX	12/14	USD	27.63	31.3	36.7	-15.4
Eq. Global Energy A	OT	EQ	LUX	12/14	USD	17.69	24.1	24.6	-14.9
Eq. Global Technol A	OT	OT	LUX	04/24	USD	4.46	22.1	-29.7	-21.6
Eq. Gold Mines A	OT	EQ	LUX	12/14	USD	31.15	49.0	70.4	3.4
Eq. Pacific A	AS	EQ	LUX	12/14	USD	10.27	60.8	69.0	-13.6
Eq. US Lg Cap Gr A	US	EQ	LUX	12/14	USD	15.17	40.7	43.2	-12.8
Eq. US Rel Val A	US	EQ	LUX	12/14	USD	20.48	31.9	35.7	-16.3
Eq. US Sm Cap Val A	US	EQ	LUX	12/14	USD	15.53	20.0	25.3	-20.6
Money Market EURO A	EU	MM	LUX	12/11	EUR	27.39	1.0	1.2	2.8
Money Market USD A	US	MM	LUX	12/14	USD	15.83	0.5	0.6	1.8

المستثمر الوطني
The National Investor

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
TNI Mena Real Estate Fund	OT	OT	BMU	12/10	USD	929.00	-1.2	-7.1	-28.2
TNI MENA Special Sits Fund	OT	OT	BMU	11/30	USD	1070.31	10.2	10.3	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	12/10	AED	4.67	1.8	-10.5	-35.1

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Intel-Chin MainInd Foc	AS	EQ	CYM	11/30	USD	29.32	82.8	100.8	0.0
Intel-China Converg☆	AS	EQ	CYM	11/30	USD	112.36	84.4	103.2	-1.5
VP Classic - A	AS	EQ	CYM	12/14	USD	186.98	83.4	89.5	-2.8
VP CLassic - B	AS	EQ	CYM	12/14	USD	87.17	82.6	88.6	-3.3
VP High Dividend Stk	AS	EQ	CYM	12/07	USD	45.68	83.8	93.8	-1.6

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■ YMR-N Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
YMR-N Growth Fund	OT	OT	IRL	12/15	JPY	9161.00	6.5	11.3	-26.7
YMR-N Small Cap Fund	OT	OT	IRL	12/15	JPY	6902.00	7.6	14.2	-26.8

■ Yuki 77 Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki 77 General	JP	EQ	IRL	12/15	JPY	6004.00	1.7	3.1	-28.3
Yuki 77 Growth	JP	EQ	IRL	12/15	JPY	5524.00	-6.6	-5.0	-33.7

■ Yuki Chugoku Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki Chugoku Jpn Gen	JP	EQ	IRL	12/15	JPY	6624.00	6.2	7.9	-25.2
Yuki Chugoku JpnLowP	JP	EQ	IRL	12/15	JPY	7357.00	-10.2	-8.3	-25.8

■ Yuki Hokuyo Japan Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	12/15	JPY	4541.00	-0.2	1.1	-28.6
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	12/15	JPY	5131.00	-2.8	-1.4	-22.4
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	12/15	JPY	5022.00	6.7	9.7	-25.1

■ Yuki Mizuho Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki Mizuho Gen Jpn III	OT	OT	IRL	12/15	JPY	4303.00	1.3	2.2	-32.3
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	12/15	JPY	4516.00	0.5	0.7	-32.3
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	12/15	JPY	6747.00	10.6	11.8	-26.9
Yuki Mizuho Jpn Gen	OT	OT	IRL	12/15	JPY	8379.00	4.5	6.6	-26.6
Yuki Mizuho Jpn Gro	OT	OT	IRL	12/15	JPY	6228.00	-0.4	2.0	-29.6
Yuki Mizuho Jpn Inc	OT	OT	IRL	12/15	JPY	7406.00	-6.9	-5.8	-25.3
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	12/15	JPY	5022.00	0.8	1.6	-27.6
Yuki Mizuho Jpn LowP	OT	OT	IRL	12/15	JPY	11110.00	-2.0	0.9	-22.9
Yuki Mizuho Jpn PGth	OT	OT	IRL	12/15	JPY	7779.00	1.8	3.1	-31.8
Yuki Mizuho Jpn SmCp	OT	OT	IRL	12/15	JPY	7114.00	16.0	18.3	-26.6
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	12/15	JPY	5497.00	5.9	7.3	-23.8
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	12/15	JPY	2697.00	13.0	12.4	-32.9

■ Yuki Shizuoka Japan Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki Shizuoka General Jap

MARKETS

Wells Fargo prices stock offering

Bank raises $10.4 billion to help pay back TARP funds; more capital may be needed to avoid selling assets

By Marshall Eckblad And Lynn Cowan

NEW YORK—**Wells Fargo** & Co. priced its $10.4 billion stock offering Tuesday to help it repay $25 billion in U.S. government support and said it could raise more capital to avoid selling nonstrategic assets.

The San Francisco bank's stock issue priced at $25 a share before the market opened.

Wells Fargo agreed to raise $10.4 billion in new capital as part of a deal with regulators to exit from the U.S. Treasury's Troubled Asset Relief Program. Wells Fargo accepted $25 billion in TARP funds last year when the federal government rescued the U.S. financial system.

Shares of Wells Fargo rose 71 cents, or 2.8%, to $26.20 in late-morning trade.

Wells Fargo said Tuesday during a conference call with investors that it could raise an additional $1.56 billion as one way of meeting the government's demands.

Under the TARP exit agreement, Wells Fargo agreed to either sell $1.5 billion in assets by the end of 2010 or raise an additional $1.5 billion in capital. If Wells Fargo chooses to sell assets, they won't be strategic businesses, Chief Executive John Stumpf said.

Wells Fargo struck its deal with the government after **Bank of America** Corp. and **Citigroup** Inc. signed agreements with regulators to free themselves of the additional layers of government oversight that have accompanied financial support from taxpayers.

Executives from the banks have praised the government's rescue as effective but have also chafed against restrictions on top executives' lucrative compensation packages as well as the federal government's stress tests, or close examinations, of the largest financial institutions.

As Wells Fargo works to meet regulators' demands, Mr. Stumpf said the bank is also trying to minimize diluting shareholders, whose original shares of the company's profits and assets are reduced when the company issues new stock.

Mr. Stumpf on Tuesday said Wells Fargo got the best deal it could for its investors.

"This was the most shareholder-friendly way, we believe, that we could do this," the CEO said.

PNC Financial Services Group Inc. is now the largest U.S. commercial bank to carry government support.

PNC has said repeatedly that it is determined to pay back its $7.6 billion in public funds "in a shareholder-friendly way."

PNC said recently that other banks' decisions to exit from TARP hadn't affected PNC's plans to pay back TARP next year.

—Matthias Rieker contributed to this article.

AIG chief: Key staff hit financially

By Serena Ng

Top **American International Group** Inc. employees continue to struggle financially, having taken big losses after the near collapse of the insurer last year, said Chief Executive Robert Benmosche.

AIG also needs to shrink, Mr. Benmosche said in an interview with The Wall Street Journal. "I feel strongly that AIG is too big today. It is extremely complex to manage and we need to make sure it's more transparent, that it's smaller, and that we can make it on our own."

The 65-year-old chief executive, who took the top job at AIG in August, has slowed down asset sales at the insurer but still sees such sales, and competitive employee compensation, as key to the insurer's goal of repaying the roughly $90 billion it owes U.S. taxpayers, a process he said will take years.

Mr. Benmosche said 10 individuals who report directly to him have lost a combined $168 million in prior years' pay since the U.S. bailout of AIG in September 2008. Another five employees at AIG's financial-products division, the unit that was the chief cause of AIG's near collapse, have lost $88 million in prior pay. These five employees are unwinding derivative trades to reduce risk exposures.

The executives lost that money when their cash bonuses were cut and unvested stock salary and stock options they previously earned were rendered almost worthless after AIG's near failure.

"Many people think there was no penalty for the executives at AIG when it did poorly. But if you look at where they've been this year, they've been pretty much wiped out. And we have to recognize that we're not 100% sure about what the value of AIG will be in the future," Mr. Benmosche said.

Given those factors, Mr. Benmosche said his biggest challenge in recent negotiations with U.S. pay czar Kenneth Feinberg was about "getting sufficient cash to these people, who are starting from scratch in many ways."

Last Friday, Mr. Feinberg announced 2009 pay for top employees at AIG and three other companies that have received large amounts of government aid. The pay czar limited salaries for roughly 75 individuals at each firm to $500,000 and said cash compensation shouldn't exceed 45% of their total pay.

He also determined that at least half of each employee's compensation must be held for three years, in stock or some other long-term instrument.

In AIG's case, Mr. Feinberg agreed to let the insurer make substantial cash "retention payments" it earlier promised to certain executives, without subjecting those employees to much tougher federal curbs on cash salaries. His decision followed weeks of discussions with Mr. Benmosche, AIG's board and officials from the Federal Reserve Bank of New York and the Treasury, who had reasoned that AIG needed to keep certain individuals to improve its chances of repaying taxpayers. The insurer's board also had some leeway to approve pay above $500,000 for a few employees.

The next pay milestone for AIG will be in February, when Mr. Feinberg is expected to set 2010 compensation for AIG's top 100 executives.

Bryan Derballa for The Wall Street Journal

Robert Benmosche said the insurer is too big and complex to manage, and aims to make it smaller.

Next IPOs on ChiNext triple their size

By Shen Hong

SHANGHAI—The eight companies that make up the second batch of listings on China's start-up board have tripled the amount they are seeking through initial public offerings, given the outsized gains in share prices of the firms that listed on ChiNext late October.

But analysts warned that the new stocks have unduly high valuations and said the securities regulator must decide whether to boost the number of IPOs as a way to clamp down on speculation.

The eight companies said they will raise a total of 4.9 billion yuan ($717.6 million) from their IPOs, compared with the 1.6 billion yuan originally planned.

The firms have an average price/earnings ratio of 83.6, much higher than the average of 50 among the 28 companies that first listed on the high-growth, high-risk board. Those stocks surged as much as 210% on their debut.

Boosting supply may be the most effective way to curb speculation on ChiNext. That the regulator chose only eight companies for the second batch of IPOs shows it is being cautious but also is finding it difficult to find qualified firms, analysts said.

The eight firms are **Guangzhou Improve Medical Instruments** Co., **Wuxi Boton Belt** Co., **Hexin Flush Information Network** Co., **Beijing SuperMap Software** Co., **Beijing Cisri-Gaona Materials & Technology** Co., **Jiangsu Huasheng Tianlong Photoelectric** Co., **Jinlong Machinery & Electronic** Co. and **Hunan Zhongke Electric** Co.

RBS shareholders OK insurance plan; government stake grows

By Patricia Kowsmann

EDINBURGH—**Royal Bank of Scotland Group** PLC shareholders approved the U.K. bank's participation in a £282 billion ($413.21 billion) state insurance plan that will lift the government's stake in the group to 84%.

The approval for RBS to join the Asset-Protection Scheme is another difficult and unavoidable step for the bank, which was hard hit by the financial crisis after years of risky lending and expansion under former Chief Executive Fred Goodwin.

During the crisis, some of those loans, including those inherited when Dutch bank ABN Amro Holding NV was acquired in 2007, quickly turned sour as borrowers faced difficulties making payments. As a result, the U.K. government injected £20 billion last year, in exchange for a 70% stake in the bank.

As RBS's portfolio continued to deteriorate, it agreed to the £282 billion insurance plan for loans and investments against any further losses.

RBS will take on the first £60 billion loss and 10% of the rest. In exchange, the U.K. government will receive £25.5 billion in nonvoting shares, which will raise its stake to 84%.

Under the threat of RBS being fully nationalized without the APS, shareholders approved all resolutions put on vote during the general meeting by more than 99%. The government didn't have the right to vote on the one addressing the asset-protection plan.

The insurance plan is a costly one, both financially and politically. RBS CEO Stephen Hester has said loan impairments have been "plateauing" and losses may not rise high enough to trigger use of the plan. Still, it will pay a fee to use the insurance policy of £700 million a year between 2009 and 2011, then £500 million thereafter. It can get out of the program for a £2.5 billion breakup fee.

Politically, the bank faces more state supervision, which is already creating problems. For instance, the government has made clear it will have tight control over executive compensation, which could make employee retention complicated.

Mr. Hester said the value of the government's stake has dropped more than £15 billion amid talks with the U.K. Treasury about bonuses limitations and the European Union's demand for asset sales. The EU wants to make sure the bank isn't at a competitive advantage compared with peers because it is receiving £45.5 billion state aid, the largest in the world.

Mr. Hester said Tuesday that the bank won't begin officially marketing the U.K. assets until the first quarter, although it already is receiving informal approaches for some businesses.

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Brazil	-0.52%	**109.0%**	106.6%
Russia	0.25	**94.8**	85.3
China 88	-1.02	**83.7**	67.8
Turkey	0.35	**82.7**	84.2
Singapore	-0.09	**60.4**	58.7
South Korea	0.19	**51.3**	45.0
Hong Kong	-1.21	**48.1**	41.7
Sweden	-1.25	**48.0**	47.5
Netherlands	-0.10	**36.9**	37.5
Canada	-0.11	**27.1**	29.9
Australia	0.40	**24.7**	29.9
Switzerland	0.14	**23.3**	22.3
South Africa	-1.06	**20.1**	23.0
France	-0.57	**19.0**	17.0
U.K.	-0.66	**18.8**	22.6
Italy	-0.74	**18.4**	19.2
Spain	-0.40	**14.6**	15.1
Germany	-0.47	**14.5**	16.3
Japan	-0.04	**4.4**	8.7

Dow Jones Regional Sector Titans

Basic Res	-0.43%	**79.0%**	78.2%
Tiger 50*	-0.74	**55.3**	51.3
Auto Parts	-0.76	**51.5**	46.0
Nordic 30 -p	0.41	**36.4**	37.5
EU Enlarged†-p	0.85	**32.4**	31.4
Asian 50	-0.93	**29.8**	32.9
Stoxx 50 -p	0.88	**20.2**	21.1
Global 50	-0.32	**20.1**	17.9
Euro Stoxx 50 -p	0.79	**17.9**	19.8
Arab 50	-0.69	**5.8**	-1.5

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Tuesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
KB Fncl Group	South Korea	Banks	$20.7	62,400	**1.96%**	87.9%	-13.7%
JFE Hldgs	Japan	Iron Steel	20.6	3,480	**1.46**	45.0	-39.7
Mitsubishi UFJ Finl Grp	Japan	Banks	57.9	448.00	**1.36**	-11.8	-70.1
Aus NZ Bk	Australia	Banks	48.6	21.43	**1.28**	49.2	-24.1
Mizuho Financial Grp	Japan	Banks	24.8	158.00	**1.28**	-31.3	-81.3
East Japan Railway	Japan	Travel Tourism	$26.2	5,860	**-2.50%**	-10.5	-25.3
Sumitomo Mitsui Finl	Japan	Banks	29.9	2,650	**-2.39**	-21.8	-78.3
China Constr Bk	Hong Kong	Banks	194.2	6.70	**-2.19**	48.9	54.7
China Life Ins	Hong Kong	Life Insurance	37.3	38.90	**-2.02**	60.1	76.4
PetroChina	Hong Kong	Integrated Oil Gas	25.9	9.51	**-1.65**	37.0	-6.8

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
BHP Billiton Australia (General Mining)	124.9	41.10	**1.11%**	34.1%	62.3%
QBE Ins Grp Australia (Reinsurance)	21.2	23.34	**0.73**	-5.5	-16.9
Kansai Elec Power Japan (Conventional Electricity)	22.5	2,105	**0.72**	-17.6	-33.4
Nippon Steel Japan (Iron Steel)	25.3	360.00	**0.56**	27.2	-37.3
China Mobile (HK) Hong Kong (Mobile Telecommunications)	183.9	71.70	**0.49**	-12.6	16.2
RioZim Ltd Australia (General Mining)	39.0	70.85	**0.48**	129.0	18.8
Japan Tobacco Japan (Tobacco)	30.5	284,300	**0.46**	-5.6	-46.8
Westpac Bking Australia (Banks)	62.8	23.80	**0.38**	44.3	-0.3
Honda Motor Japan (Automobiles)	61.9	3,030	**0.33**	53.6	-29.9
NTT DoCoMo Japan (Mobile Telecommunications)	62.1	130,400	**0.31**	-23.4	-29.5
Shinhan Financial Grp South Korea (Banks)	19.1	46,550	**0.11**	48.2	-0.7
National Australia Bk Australia (Banks)	52.3	27.99	**0.07**	45.8	-29.7
Woodside Petroleum Australia (Exploration Production)	30.3	47.18	**...**	36.4	23.3
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.3	62.70	**...**	41.6	-2.2
Commonwealth Bk of Australia Australia (Banks)	72.6	52.72	**-0.15**	80.9	10.0
POSCO South Korea (Iron Steel)	39.1	596,000	**-0.17**	55.6	92.9
Tokyo Elec Power Japan (Conventional Electricity)	34.8	2,305	**-0.22**	-20.1	-39.3
Nintendo Japan (Toys)	30.1	21,020	**-0.24**	-38.8	-29.2
Woolworths Australia (Food Retailers Wholesalers)	30.3	27.20	**-0.26**	7.8	20.4
Samsung Elec South Korea (Semiconductors)	99.0	777,000	**-0.26**	70.0	27.4

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Toyota Motor Japan (Automobiles)	130.2	3,700	**-0.27%**	22.9%	-50.3%
CNOOC Hong Kong (Exploration Production)	69.8	12.12	**-0.33**	62.7	76.9
Mitsubishi Japan (Industrial Suppliers)	41.2	2,245	**-0.44**	85.5	-0.2
Mitsui Japan (Industrial Suppliers)	25.5	1,261	**-0.47**	51.2	-26.6
Nippon T&T Japan (Fixed Line Telecommunications)	54.0	3,650	**-0.54**	-18.5	-38.6
Takeda Pharm Japan (Pharmaceuticals)	32.7	3,710	**-0.54**	-16.3	-52.6
Tokio Marine Japan (Property Casualty Insurance)	22.5	2,560	**-0.58**	3.4	-38.9
KDDI Japan (Mobile Telecommunications)	23.2	469,000	**-0.64**	-21.6	-40.9
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	36.7	139.00	**-0.71**	137.9	-4.3
Sony Japan (Consumer Electronics)	28.8	2,590	**-0.77**	41.9	-48.8
Shin-Etsu Chml Japan (Specialty Chemicals)	23.8	5,020	**-0.79**	24.0	-36.1
Canon Japan (Electronic Office Equipment)	51.5	3,730	**-0.80**	38.2	-44.2
Panasonic Japan (Consumer Electronics)	29.6	1,281	**-0.85**	24.7	-45.0
Westfield Grp Australia (Retail REITs)	24.8	12.02	**-0.91**	-8.8	-37.3
Nissan Motor Japan (Automobiles)	36.6	725.00	**-1.09**	130.2	-48.0
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	39.0	117.80	**-1.17**	78.4	34.2
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	30.0	100.50	**-1.28**	25.2	10.0
Seven I Hldgs Japan (Broadline Retailers)	18.8	1,857	**-1.33**	-35.7	-49.3
Hutchison Whampoa Hong Kong (Diversified Industrials)	28.2	51.20	**-1.35**	25.6	-32.8
Indl Comm Bk China Hong Kong (Banks)	68.3	6.38	**-1.39**	52.3	48.4

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.07%	0.53%	1.4%	7.6%	7.7%
Event Driven	0.06	1.39	4.1	14.8	14.9
Equity Long/Short	-0.22	0.04	-1.1	3.2	-3.0

*Estimates as of 12/11/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.79	100.96%	0.01%	1.00	0.78	0.86
Eur. High Volatility: 12/1	1.18	99.15	0.01	1.76	1.17	1.41
Europe Crossover: 12/1	4.76	100.93	0.05	6.15	4.76	5.29
Asia ex-Japan IG: 12/1	0.98	100.07	0.01	1.29	0.96	1.10
Japan: 12/1	1.42	98.00	0.01	1.68	0.99	1.33

Note: Data as of December 14

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Nishimatsu Constr	524	**-32**	-26	8
Shimizu	189	**-10**	14	49
Taiheiyo Cem	534	**-10**	3	34
Nec Electrs	251	**-10**	-7	-3
Rep Indonesia	195	**-8**	-12	5
KT	72	**-7**	-3	-3
Kawasaki Heavy Inds	161	**-7**	1	57
Philippine Long Distance	136	**-6**	-8	-3
Rep Philippines	168	**-6**	-9	-4
Kawasaki Kisen Kaisha	256	**-6**	32	95

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Aeon	161	**2**	-5	31
Teijin	47	**3**	...	11
Acom	381	**3**	-23	23
Promise	985	**3**	-18	235
Softbank	453	**3**	1	6
Sumitomo	101	**4**	11	23
Mitsubishi Chem	121	**4**	1	21
Sapporo Hldgs	154	**9**	11	20
Marui Group	248	**9**	5	27
Elpida Memory	677	**21**	25	26

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Japan

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Nomura	$1,236	29.7%	73%	17%	10%	...
Daiwa Securities SMBC Co Ltd	603	14.5	67	25	8	...
Mizuho	488	11.7	34	46	11	9%
Mitsubishi UFJ Securities	454	10.9	47	38	8	7
Goldman Sachs	209	5.0	78	13	9	...
Citi	184	4.4	35	45	18	2
Morgan Stanley	175	4.2	64	21	15	...
JPMorgan	171	4.1	77	5	17	...
Bank of America Merrill Lynch	100	2.4	52	19	29	...

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

	Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
	Corn (cents/bu.)	CBOT	405.50	-3.00	-0.73%	712.25	315.50
	Soybeans (cents/bu.)	CBOT	1062.50	0.75	0.07%	1,560.00	805.00
	Wheat (cents/bu.)	CBOT	538.75	-4.75	-0.87	1,029.25	459.00
	Live cattle (cents/lb.)	CME	83.950	0.675	0.81	108.600	81.900
	Cocoa ($/ton)	ICE-US	3,382	-29	-0.85	3,439	1,994
	Coffee (cents/lb.)	ICE-US	148.50	2.60	1.78	188.65	115.00
	Sugar (cents/lb.)	ICE-US	25.54	0.26	1.03	26.25	11.91
	Cotton (cents/lb.)	ICE-US	75.94	0.17	0.22	84.00	49.67
	Crude palm oil (ringgit/ton)	MDEX	2,525.00	12	0.48	2,606	2,013
	Cocoa (pounds/ton)	LIFFE	2,267	-1	-0.04	2,284	1,310
	Robusta coffee ($/ton)	LIFFE	1,378	7	0.51	1,955	1,295
	Copper (cents/lb.)	COMEX	314.50	-0.70	-0.22	365.00	135.50
	Gold ($/troy oz.)	COMEX	1127.60	3.80	0.34	1,227.50	762.30
	Silver (cents/troy oz.)	COMEX	1734.50	1.90	0.11	2,011.50	1,045.00
	Aluminum ($/ton)	LME	2,233.00	-50.00	-2.19	2,283.00	1,288.00
	Tin ($/ton)	LME	15,275.00	75.00	0.49	15,700.00	9,750.00
	Copper ($/ton)	LME	6,845.00	-75.00	-1.08	7,100.00	2,815.00
	Lead ($/ton)	LME	2,320.00	10.00	0.43	2,487.00	870.00
	Zinc ($/ton)	LME	2,311.50	-6.50	-0.28	2,406.00	1,070.00
	Nickel ($/ton)	LME	16,885	160	0.96	21,150	9,475
	Crude oil ($/bbl.)	NYMEX	70.87	1.36	1.96	117.00	47.60
	Heating oil ($/gal.)	NYMEX	1.9516	0.0209	1.08	3.5570	1.3816
	RBOB gasoline ($/gal.)	NYMEX	1.8550	0.0283	1.55	2.7100	1.1525
	Natural gas ($/mmBtu)	NYMEX	5.500	0.063	1.16	12.590	4.550
	Brent crude ($/bbl.)	ICE-EU	73.59	0.88	1.21	145.00	50.00
	Gas oil ($/ton)	ICE-EU	593.50	5.25	0.89	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Dec. 15

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.5539	0.1801	3.8153	0.2621
Brazil real	2.5489	0.3923	1.7510	0.5711
Canada dollar	1.5433	0.6480	1.0602	0.9433
1-mo. forward	1.5433	0.6480	1.0601	0.9433
3-mos. forward	1.5432	0.6480	1.0601	0.9433
6-mos. forward	1.5433	0.6480	1.0602	0.9433
Chile peso	725.01	0.001379	498.05	0.002008
Colombia peso	2913.07	0.0003433	2001.15	0.0004997
Ecuador US dollar-f	1.4557	0.6870	1	1
Mexico peso-a	18.5190	0.0540	12.7217	0.0786
Peru sol	4.1819	0.2391	2.8728	0.3481
Uruguay peso-e	28.605	0.0350	19.650	0.0509
U.S. dollar	1.4557	0.6870	1	1
Venezuela bolivar	3.13	0.319916	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6016	0.6244	1.1002	0.9089
China yuan	9.9394	0.1006	6.8280	0.1465
Hong Kong dollar	11.2867	0.0886	7.7535	0.1290
India rupee	67.8938	0.0147	46.6400	0.0214
Indonesia rupiah	13756	0.0000727	9450	0.0001058
Japan yen	130.59	0.007658	89.71	0.011147
1-mo. forward	130.55	0.007660	89.68	0.011150
3-mos. forward	130.51	0.007662	89.66	0.011154
6-mos. forward	130.38	0.007670	89.57	0.011165
Malaysia ringgit-c	4.9690	0.2012	3.4135	0.2930
New Zealand dollar	2.0144	0.4964	1.3838	0.7227
Pakistan rupee	122.788	0.0081	84.350	0.0119
Philippines peso	67.137	0.0149	46.120	0.0217
Singapore dollar	2.0294	0.4928	1.3941	0.7173
South Korea won	1687.73	0.0005925	1159.40	0.0008625
Taiwan dollar	46.990	0.02128	32.280	0.03098
Thailand baht	48.271	0.02072	33.160	0.03016

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6870	1.4557
1-mo. forward	1.0001	0.9999	0.6870	1.4556
3-mos. forward	1.0003	0.9997	0.6871	1.4553
6-mos. forward	1.0008	0.9992	0.6875	1.4546
Czech Rep. koruna-b	26.156	0.0382	17.968	0.0557
Denmark krone	7.4423	0.1344	5.1125	0.1956
Hungary forint	277.31	0.003606	190.50	0.005249
Norway krone	8.4546	0.1183	5.8079	0.1722
Poland zloty	4.1844	0.2390	2.8745	0.3479
Russia ruble-d	43.920	0.02277	30.171	0.03314
Sweden krona	10.4294	0.0959	7.1646	0.1396
Switzerland franc	1.5124	0.6612	1.0390	0.9625
1-mo. forward	1.5121	0.6613	1.0387	0.9627
3-mos. forward	1.5114	0.6616	1.0383	0.9631
6-mos. forward	1.5100	0.6622	1.0373	0.9640
Turkey lira	2.1963	0.4553	1.5088	0.6628
U.K. pound	0.8951	1.1172	0.6149	1.6263
1-mo. forward	0.8952	1.1170	0.6150	1.6260
3-mos. forward	0.8956	1.1166	0.6152	1.6254
6-mos. forward	0.8961	1.1159	0.6156	1.6245
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5488	1.8223	0.3770	2.6527
Egypt pound-a	8.0005	0.1250	5.4960	0.1820
Israel shekel	5.4879	0.1822	3.7700	0.2653
Jordan dinar	1.0303	0.9706	0.7078	1.4129
Kuwait dinar	0.4149	2.4099	0.2851	3.5082
Lebanon pound	2194.47	0.0004557	1507.50	0.0006634
Saudi Arabia riyal	5.4600	0.1832	3.7508	0.2666
South Africa rand	10.7947	0.0926	7.4155	0.1349
United Arab dirham	5.3468	0.1870	3.6730	0.2723
SDR -f	0.9209	1.0859	0.6326	1.5808

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
32	**ASIA-PACIFIC**	**DJ Asia-Pacific**	122.05	-0.97	-0.79%	30.4%	34.3%
...	Australia	**SPX/ASX 200**	4673.49	19.49	0.42%	25.6	31.4
...	China	**CBN 600**	29151.85	-188.02	-0.64	97.4	81.5
21	Hong Kong	**Hang Seng**	21813.92	-271.83	-1.23	51.6	44.2
19	India	**Sensex**	16877.16	-220.39	-1.29	74.9	69.2
...	Indonesia	**Jakarta Composite**	2494.737	-11.649	-0.46	84.1	85.8
...	Japan	**Nikkei Stock Average**	10083.48	-22.20	-0.22	13.8	17.7
...		**Topix**	884.63	-0.45	-0.05	3.0	6.8
...	Malaysia	**Kuala Lumpur Composite**	1270.81	5.36	0.42	44.9	48.7
...	New Zealand	**NZSX-50**	3117.114	18.317	0.59	14.8	15.7
8	Pakistan	**KSE 100**	9266.04	-14.12	-0.15	58.0	9.7
16	Philippines	**Manila Composite**	3046.57	4.47	0.15	62.7	61.3
...	Singapore	**Straits Times**	2798.70	-0.84	-0.03	58.9	57.0
11	South Korea	**Kospi**	1665.85	1.08	0.06	48.1	43.4
21	Taiwan	**Weighted**	7807.62	-11.51	-0.15	70.1	69.1
10	Thailand	**SET**	709.64	-0.10	-0.01	57.7	59.4
50	**EUROPE**	**DJ Stoxx 600**	247.05	0.01	unch.	25.5	24.1
22		**DJ Stoxx 50**	2504.64	-0.93	-0.04	21.3	19.9
62	**Euro Zone**	**DJ Euro Stoxx**	268.26	-0.04	-0.02%	20.4%	20.8%
20		**DJ Euro Stoxx 50**	2885.20	0.20	0.01%	17.7	17.7
18	Denmark	**OMX Copenhagen**	311.38	0.39	0.13	37.7	34.5
20	Finland	**OMX Helsinki**	6242.77	-10.33	-0.17	15.5	16.1
19	France	**CAC-40**	3834.09	3.65	0.10	19.1	17.9
...	Germany	**DAX**	5811.34	9.08	0.16	20.8	22.9
16	Italy	**FTSE MIB**	22617.23	-35.11	-0.15	16.2	17.2
...	Netherlands	**AEX**	325.19	2.68	0.83	32.2	31.0
...	Russia	**RTSI**	1396.32	14.41	1.04	121.0	103.0
11	Spain	**IBEX 35**	11735.5	29.6	0.25	27.6	28.0
14	Switzerland	**SMI**	6439.40	6.31	0.10	16.3	15.7
...	Turkey	**ISE National 100**	50449.52	251.13	0.50	87.8	91.1
15	U.K.	**FTSE 100**	5285.77	-29.57	-0.56	19.2	22.7
21	**AMERICAS**	**DJ Americas**	293.81	-1.16	-0.39	29.9	33.7
...	Brazil	**Bovespa**	69379.33	29.93	0.04	84.8	74.7
...	Argentina	**Merval**	2222.04	5.50	0.25	105.8	96.6
20	Mexico	**IPC**	32195.82	185.94	0.58	43.9	49.9

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.22%	20	**DJ Global Index**	224.28	-1.54	-1.54%	31.3%	-0.7%	-6.8%
1.89	21	**Global DOW**	1969.88	-8.05	-8.05	29.5	-0.4	-2.4
2.40		**Asia/Pacific 600**	114.42	-1.05	-1.05	23.8	-0.9	-7.6
1.78	15	**Emerging Markets**	274.78	-1.67	-1.67	76.6	-0.6	3.4
2.17	32	**Asia/Pacific**	122.05	-0.97	-0.97	34.3	-0.8	-5.5
2.43	13	**Asia/Pacific ex-Japan**	308.22	-1.63	-1.63	71.4	-0.5	0.7
2.61	22	**Southeast Asia**	154.64	-0.17	-0.17	72.3	-0.1	2.0
0.82	31	**CBN China 600** -c	29151.85	-188.02	-188.02	81.5	-0.6	26.2
0.85	34	**Shanghai**	388.52	-2.08	-2.08	81.7	-0.5	26.3
0.57	48	**Shenzhen**	420.15	-1.48	-1.48	102.0	-0.3	32.6
2.16	20	**China Offshore 50**	4090.01	-46.97	-46.97	49.7	-1.1	10.2
8.84	9	**Australia LPT** -c, d	1104.41	5.43	5.43	5.7	0.5	-21.1
2.17%	15	**Islamic Market**	1947.37	-9.04	-9.04%	32.1%	-0.5%	-2.3%
2.47	16	**Islamic Market 100**	2101.47	-9.92	-9.92	19.8	-0.5	-3.0
9.75	15	**Bahrain**	120.74	0.07	0.07	-25.4	0.1	-12.9
2.85	33	**Kuwait**	197.60	2.61	2.61	-25.4	1.3	-14.5
2.66	20	**Sustainability**	1000.66	-7.34	-7.34	29.9	-0.7	-7.5
2.72	50	**Stoxx 600 -p**	270.38	2.69	2.69	34.1	1.0	-9.0
4.74	17	**Stoxx Select Div 30 -p**	1780.28	21.88	21.88	31.0	1.2	-21.0
3.98	23	**Euro Stoxx Sel Div 30 -p**	2118.78	21.64	21.64	33.5	1.0	-16.6
1.77	29	**DJ U.S. TSM**	11391.56	-48.17	-48.17	24.9	-0.4	-7.4
3.96	16	**U.S. Select Dividend -d**	651.33	-4.13	-4.13	10.9	-0.6	-10.0
4.60		**U.S. REIT**	142.31	-1.78	-1.78	17.4	-1.2	-18.9
		DJ-UBS Commodity -p	134.45	1.29	1.29	19.4	1.0	-7.5

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.100	0.615	1.060	6.828	0.687	7.753	46.640	9450.01	89.710	1.384	1159.39	3.413	46.120	1.394	1.039	32.280	33.160
Australia	0.909		0.559	0.964	6.206	0.624	7.047	42.391	8589.11	81.537	1.258	1053.77	3.103	41.918	1.267	0.944	29.339	30.139
Britain	1.626	1.789		1.724	11.105	1.117	12.610	75.853	15369.02	145.900	2.251	1885.58	5.552	75.007	2.267	1.690	52.499	53.930
Canada	0.943	1.038	0.580		6.441	0.648	7.314	43.994	8913.84	84.620	1.305	1093.61	3.220	43.503	1.315	0.980	30.449	31.279
China	0.1465	0.161	0.090	0.155		0.101	1.136	6.831	1384.02	13.139	0.203	169.80	0.500	6.755	0.204	0.152	4.728	4.857
Euro	1.456	1.602	0.895	1.543	9.939		11.287	67.894	13756.38	130.591	2.014	1687.73	4.969	67.137	2.029	1.512	46.990	48.271
Hong Kong	0.129	0.142	0.079	0.137	0.881	0.089		6.015	1218.81	11.570	0.178	149.53	0.440	5.948	0.180	0.134	4.163	4.277
India	0.0214	0.0236	0.0132	0.0227	0.1464	0.0147	0.1662		202.62	1.9235	0.0297	24.86	0.0732	0.9889	0.0299	0.0223	0.6921	0.7110
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0095	0.0001	0.12	0.0004	0.0049	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.076	0.008	0.086	0.520	105.34		0.015	12.92	0.038	0.514	0.016	0.012	0.360	0.370
New Zealand	0.723	0.795	0.444	0.766	4.934	0.496	5.603	33.704	6829.05	64.829		837.84	2.467	33.329	1.007	0.751	23.327	23.963
South Korea	0.0009	0.0009	0.0005	0.0009	0.0059	0.0006	0.0067	0.0402	8.15	0.0774	0.0012		0.0029	0.0398	0.0012	0.0009	0.0278	0.0286
Malaysia	0.293	0.322	0.180	0.311	2.000	0.201	2.271	13.663	2768.42	26.281	0.405	339.65		13.511	0.408	0.304	9.457	9.714
Philippines	0.022	0.024	0.013	0.023	0.148	0.015	0.168	1.011	204.90	1.945	0.030	25.14	0.074		0.030	0.023	0.700	0.719
Singapore	0.717	0.789	0.441	0.760	4.898	0.493	5.562	33.455	6778.57	64.350	0.993	831.64	2.449	33.082		0.745	23.155	23.786
Switzerland	0.963	1.059	0.592	1.020	6.572	0.661	7.463	44.891	9095.73	86.347	1.332	1115.93	3.286	44.391	1.342		31.070	31.917
Taiwan	0.031	0.034	0.019	0.033	0.212	0.021	0.240	1.445	292.75	2.779	0.043	35.92	0.106	1.429	0.043	0.032		1.027
Thailand	0.030	0.033	0.019	0.032	0.206	0.021	0.234	1.407	284.98	2.705	0.042	34.96	0.103	1.391	0.042	0.031	0.973	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of December. 15, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	25	**ALL COUNTRY (AC) WORLD***	298.23	0.79%	**31.0%**	35.5%
2.50	26	**World (Developed Markets)**	1,164.87	0.81	**26.6**	30.5
1.90	124	**World Small Cap**	187.57	1.19	**39.7**	47.9
2.60	22	**Kokusai (World ex-Japan)**	1,152.85	0.81	**29.2**	32.3
3.10	26	**EAFE**	1,577.69	0.92	**27.5**	35.0
2.20	20	**Emerging Markets (EM)**	979.21	0.66	**72.7**	85.8
2.60	25	**AC ASIA PACIFIC EX-JAPAN**	409.58	0.41	**65.6**	80.1
2.10	25	**AC Far East ex-Japan**	445.31	0.45	**63.3**	79.6
1.80	-35	**Japan**	552.57	-0.44	**4.3**	7.2
1.90	20	**China**	65.67	0.96	**61.0**	77.9
0.90	39	**China A (China Domestic)**	3,425.78	0.82	**97.5**	97.1
2.60	23	**Hong Kong**	10,254.05	0.41	**56.4**	62.3
1.00	21	**India**	693.73	-0.14	**87.9**	100.3
1.10	24	**Korea**	475.00	0.24	**54.7**	59.0
2.40	21	**Malaysia**	467.53	0.51	**45.5**	47.3
3.10	17	**Singapore**	1,566.67	-0.13	**57.2**	59.3
2.70	315	**Taiwan**	281.69	0.11	**62.5**	68.2
3.10	20	**Thailand**	288.48	0.90	**55.9**	73.8
4.00	25	**Australia**	956.40	0.34	**25.0**	23.9
5.30	16	**New Zealand**	82.71	-1.17	**8.9**	6.7
1.90	32	**US BROAD MARKET**	1,231.13	0.84	**25.3**	27.3
3.40	17	**EUROPE**	85.92	0.81	**23.8**	18.8

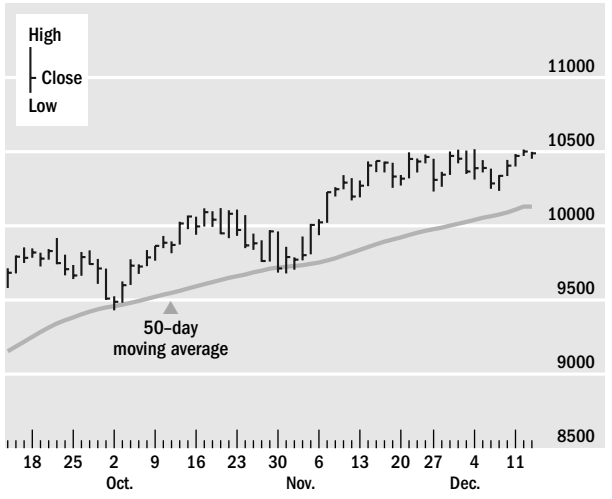
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

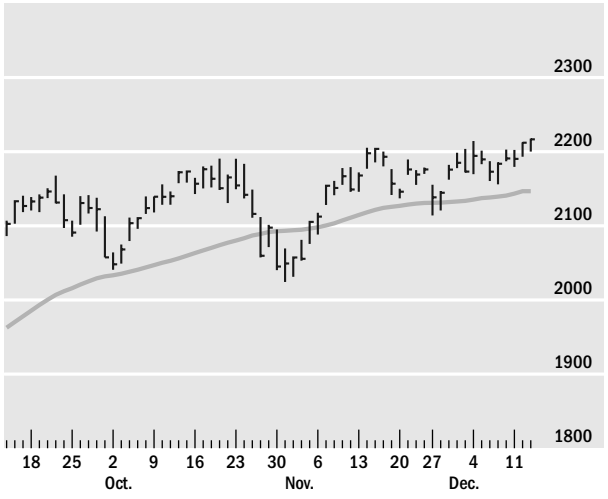
Dow Jones Industrial Average P/E: 18

LAST: **10488.88** ▼ 12.17, or 0.12%
YEAR TO DATE: ▲ **1,712.49, or 19.5%**
OVER 52 WEEKS ▲ **1,564.74, or 17.5%**



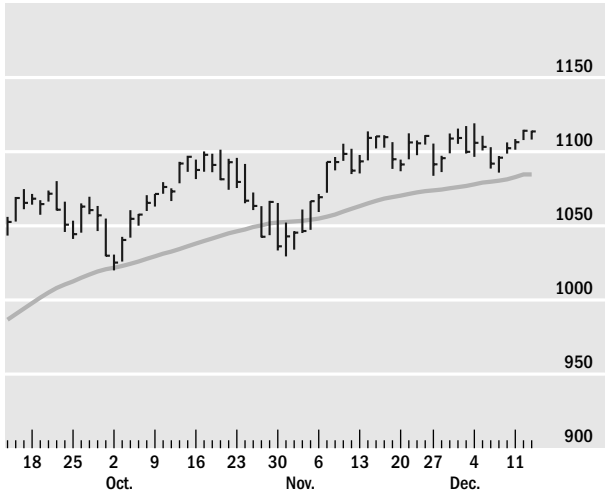
Nasdaq Composite Index P/E: 44*

LAST: **2216.66** ▲ 4.56, or 0.21%
YEAR TO DATE: ▲ **639.63, or 40.6%**
OVER 52 WEEKS ▲ **626.77, or 39.4%**



S&P 500 Index P/E: 73

LAST: **1113.65** ▼ 0.46, or 0.04%
YEAR TO DATE: ▲ **210.40, or 23.3%**
OVER 52 WEEKS ▲ **200.47, or 22.0%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**8.20**	$27.74	-0.31	**-1.10%**
Alcoa	AA	**9.90**	14.70	-0.12	**-0.81**
AmExpress	AXP	**4.20**	41.30	0.02	**0.05**
BankAm	BAC	**82.40**	15.27	-0.36	**-2.30**
Boeing	BA	**2.70**	56.11	0.06	**0.10**
Caterpillar	CAT	**1.90**	58.27	-0.03	**-0.06**
Chevron	CVX	**3.30**	77.80	0.54	**0.70**
CiscoSys	CSCO	**19.60**	23.67	-0.17	**-0.71**
CocaCola	KO	**2.80**	59.05	0.01	**0.02**
Disney	DIS	**4.60**	32.20	0.37	**1.16**
DuPont	DD	**2.50**	32.76	0.06	**0.18**
ExxonMobil	XOM	**22.70**	69.61	-0.08	**-0.11**
GenElec	GE	**19.30**	15.82	-0.13	**-0.85**
HewlettPk	HPQ	**8.10**	51.20	0.52	**1.02**
HomeDpt	HD	**6.40**	29.11	0.24	**0.83**
Intel	INTC	**16.30**	19.94	-0.04	**-0.20**
IBM	IBM	**3.60**	129.10	-0.83	**-0.64**
JPMorgChas	JPM	**17.00**	40.91	-0.86	**-2.06**
JohnsJohns	JNJ	**3.50**	64.68	-0.28	**-0.44**
KftFoods	KFT	**3.10**	26.89	-0.08	**-0.30**
McDonalds	MCD	**2.20**	62.06	-0.08	**-0.13**
Merck	MRK	**4.40**	37.72	-0.05	**-0.13**
Microsoft	MSFT	**16.30**	30.18	0.07	**0.23**
Pfizer	PFE	**14.80**	18.39	-0.01	**-0.05**
ProctGamb	PG	**4.00**	62.40	-0.61	**-0.97**
3M	MMM	**1.70**	82.52	0.61	**0.74**
TravelersCos	TRV	**1.30**	50.77	-0.26	**-0.50**
UnitedTech	UTX	**2.50**	69.89	-0.02	**-0.04**
Verizon	VZ	**8.70**	33.09	-0.46	**-1.37**
WalMart	WMT	**4.70**	53.91	-0.16	**-0.30**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**446.2**	$3.56	–$0.14	**–3.78%**
WellsFargo	WFC	**151.2**	26.06	0.56	**2.22**
BankAm	BAC	**84.8**	15.27	–0.37	**–2.34**
FordMotor	F	**60.6**	9.36	0.28	**3.08**
SPDR S&P 500	SPY	**54.8**	111.69	–0.18	**–0.16**
FannieMae	FNM	**51.1**	1.22	0.09	**8.01**
SPDR FnclSelSct	XLF	**47.7**	14.30	–0.17	**–1.17**
SunMicrsys	JAVA	**41.9**	9.32	0.05	**0.48**
XTO Engy	XTO	**33.3**	48.10	0.24	**0.50**
PwrShrs QQQ	QQQQ	**28.5**	44.53	–0.02	**–0.04**
FredMac	FRE	**27.9**	1.59	0.15	**10.38**
AdventrxPharm	ANX	**26.4**	0.16	0.01	**6.89**
QwestComm	Q	**26.2**	4.32	0.24	**5.76**
JA SolarHldg	JASO	**25.3**	5.82	0.52	**9.81**
ExxonMobil	XOM	**23.0**	69.62	–0.07	**–0.10**

Biggest gainers...

StarlimsTech	LIMS	**1,069.9**	$13.85	$4.35	**45.79%**
BkAmSPX STARS	SFH	**3.9**	13.22	3.58	**37.14**
ArrayBio	ARRY	**6,915.7**	2.80	0.55	**24.44**
CFS Bcp	CITZ	**80.1**	3.87	0.58	**17.63**
IntAbsorbents	IAX	**264.6**	4.62	0.60	**14.93**

...Biggest losers

TranstnThera	TTHI	**1,848.1**	$4.44	-$3.47	**-43.87%**
CitizensFst	CZFC	**28.8**	5.90	-2.55	**-30.18**
SoCTBcp	SSE	**2.0**	2.25	-0.50	**-18.18**
BnkCarolinas	BCAR	**11.6**	3.11	-0.49	**-13.61**
GenCorp	GY	**1,923.5**	7.41	-1.04	**-12.31**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$6.36	**Taiwan Semi**	TSM	**4,931.3**	$10.86	0.03	**0.26%**
8.19	3.73	**Siliconware Prec Ind**	SPIL	**3,835.7**	6.53	-0.17	**-2.47**
3.87	1.65	**Utd Microelectronics**	UMC	**1,789.7**	3.42	-0.03	**-0.87**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**1,455.4**	4.99	0.01	**0.20**
78.75	33.09	**BHP Billiton**	BHP	**1,355.8**	74.53	-0.62	**-0.83**
4.63	1.49	**Adv Semi Engrg**	ASX	**754.9**	4.16	-0.01	**-0.24**
53.98	22.61	**Infosys Tech**	INFY	**679.7**	53.65	0.25	**0.47**
15.95	8.56	**China Unicom**	CHU	**558.8**	13.14	0.00	**0**
11.73	6.25	**AU Optrncs**	AUO	**557.5**	11.03	-0.12	**-1.08**
59.22	40.20	**China Mobile**	CHL	**545.5**	46.36	0.36	**0.78**
32.79	9.91	**Aluminum Cp of China**	ACH	**369.6**	28.77	0.35	**1.23**
7.10	2.00	**Alumina**	AWC	**363.9**	6.33	0.04	**0.64**
21.86	5.11	**Yanzhou Coal Mining**	YZC	**299.7**	21.77	0.17	**0.79**
18.80	12.59	**SK Telecom**	SKM	**248.1**	16.72	-0.12	**-0.71**
15.29	6.85	**Korea Elec Pwr**	KEP	**233.0**	13.96	-0.15	**-1.06**
4.00	1.36	**SemiMfgInt**	SMI	**183.7**	3.10	-0.02	**-0.64**
81.00	37.43	**China Life Ins**	LFC	**179.1**	75.43	-1.57	**-2.04**
17.78	11.30	**KT Corp**	KTC	**172.7**	17.72	0.15	**0.85**
19.56	15.05	**ChunghwaTel**	CHT	**165.4**	18.11	0.05	**0.28**
9.82	5.43	**Telecom Corp of NZ**	NZT	**160.0**	8.64	-0.03	**-0.36**
30.82	15.64	**Sony**	SNE	**158.9**	29.05	-0.25	**-0.86**
135.92	63.94	**PetroChina**	PTR	**151.9**	123.54	-0.91	**-0.73**
87.67	56.79	**Toyota Motor**	TM	**147.9**	83.15	-0.34	**-0.41**
27.96	17.71	**NTT**	NTT	**140.4**	20.46	-0.36	**-1.73**
34.52	19.60	**Honda Motor**	HMC	**138.8**	34.09	0.08	**0.24**
150.50	47.09	**POSCO**	PKX	**136.7**	127.57	-1.43	**-1.11**
94.00	46.45	**China Petro & Chem**	SNP	**111.5**	88.43	0.13	**0.15**
9.50	3.96	**Nomura Hldgs**	NMR	**84.3**	7.44	-0.10	**-1.33**
34.43	22.65	**Huaneng Power Intl**	HNP	**80.9**	23.39	0.27	**1.17**
42.51	21.23	**Canon**	CAJ	**77.5**	41.83	-0.50	**-1.18**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

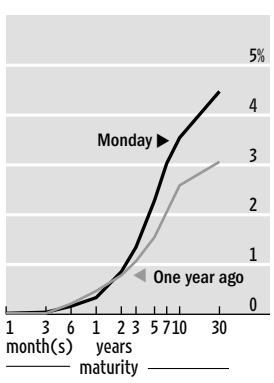
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points: Latest	Previous	Month ago	Year ago	YIELD: Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.455%**	**356.8**	370.7	385.6	**219.5**	**4.530%**	4.670%	**2.939%**
4.500	10	**5.597**	**199.0**	204.3	218.7	**189.9**	**5.583**	5.613	**4.416**
5.250	**Austria** 2	**1.013**	**12.6**	16.9	7.0	**162.0**	**0.992**	0.884	**2.364**
4.350	10	**3.597**	**-1.0**	-3.0	21.7	**164.9**	**3.510**	3.643	**4.166**
3.500	**Belgium** 2	**1.108**	**22.1**	26.6	24.2	**185.4**	**1.089**	1.056	**2.598**
4.000	10	**3.652**	**4.5**	3.9	26.9	**151.4**	**3.579**	3.695	**4.031**
1.250	**Canada** 2	**1.286**	**39.9**	42.2	57.1	**71.5**	**1.245**	1.385	**1.459**
3.750	10	**3.400**	**-20.7**	-15.5	4.4	**54.9**	**3.385**	3.470	**3.066**
4.000	**Denmark** 2	**1.998**	**111.1**	124.8	145.9	**250.2**	**2.071**	2.273	**3.246**
4.000	10	**3.583**	**-2.4**	-0.2	26.9	**122.9**	**3.538**	3.695	**3.746**
1.500	**France** 2	**1.180**	**29.3**	35.4	45.9	**175.2**	**1.177**	1.273	**2.496**
3.750	10	**3.486**	**-12.1**	-10.0	19.3	**114.9**	**3.440**	3.619	**3.666**
1.250	**Germany** 2	**1.262**	**37.5**	43.5	38.5	**137.5**	**1.258**	1.199	**2.119**
3.250	10	**3.234**	**-37.3**	-34.9	-6.4	**69.2**	**3.191**	3.362	**3.209**
0.550	**Hong Kong** 2	**0.539**	**-34.8**	-35.7	-27.8	**16.4**	**0.466**	0.536	**0.908**
2.160	10	**2.552**	**-105.5**	-113.8	-111.9	**-88.3**	**2.402**	2.307	**1.634**
3.750	**Italy** 2	**1.590**	**70.3**	72.2	63.7	**270.3**	**1.545**	1.451	**3.447**
4.250	10	**4.040**	**43.3**	46.5	66.7	**205.1**	**4.005**	4.093	**4.568**
0.300	**Japan** 2	**0.170**	**-71.7**	-64.8	-55.4	**-18.4**	**0.175**	0.260	**0.560**
1.300	10	**1.288**	**-231.9**	-223.4	-204.6	**-109.7**	**1.306**	1.380	**1.420**
4.000	**Netherlands** 2	**0.904**	**1.7**	6.0	7.4	**160.7**	**0.883**	0.888	**2.351**
4.000	10	**3.461**	**-14.6**	-10.7	15.2	**136.5**	**3.433**	3.578	**3.882**
3.200	**Portugal** 2	**1.306**	**41.9**	45.9	33.4	**225.0**	**1.282**	1.148	**2.994**
4.750	10	**3.926**	**31.9**	33.0	39.4	**166.3**	**3.870**	3.820	**4.180**
5.350	**Spain** 2	**1.442**	**55.5**	59.4	53.5	**205.6**	**1.417**	1.349	**2.800**
4.300	10	**3.851**	**24.4**	27.6	43.5	**151.0**	**3.816**	3.861	**4.027**
4.000	**Switzerland** 2	**0.382**	**-50.5**	-44.1	-35.3	**9.7**	**0.382**	0.461	**0.841**
3.000	10	**1.926**	**-168.1**	-163.6	-143.8	**-25.4**	**1.904**	1.988	**2.263**
3.250	**U.K.** 2	**1.229**	**34.2**	40.2	53.7	**88.6**	**1.225**	1.351	**1.630**
4.500	10	**3.887**	**28.0**	30.9	37.3	**96.1**	**3.849**	3.799	**3.478**
0.750	**U.S.** 2	**0.887**	**...**	...	...	**...**	**0.823**	0.814	**0.744**
3.375	10	**3.607**	**...**	...	...	**...**	**3.540**	3.426	**2.517**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.475%**	16.42	–4.36%	–5.86%	–23.73%	–18.43%
10-year Treasury	**3.546**	8.33	–2.70	–1.22	–7.31	–4.56
7 Year Treasury	**3.031**	6.28	–2.00	0.28	...	...
Five-year Treasury	**2.286**	4.68	–1.21	1.00	0.98	1.46
Ryan Index	**2.590**	6.76	–1.86	–0.71	–5.08	–3.01
3 Year Treasury	**1.349**	2.94	–0.50	0.97	2.05	2.37
Two-year Treasury	**0.855**	1.94	–0.33	0.60	1.73	1.94
1 Year Treasury	**0.335**	0.93	–0.07	0.24	0.99	1.18
Six-month Treasury	**0.162**	0.50	0.01	0.07	0.64	0.73
Ryan Cash Index-a	**0.140**	0.44	–0.01	0.09	0.53	0.60
Three-month bill	**0.041**	0.25	0.01	0.05	0.36	0.35
One-month bill	**0.020**	0.07	0.01	0.02	0.14	0.15

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	4.00%
Canada	**2.25**	3.50
Japan	**1.475**	1.675
Britain	**0.50**	2.00
ECB	**1.00**	2.50
Switzerland	**0.53**	2.03
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23250%**	0.96125%
Three month	**0.25344**	1.87125
Six month	**0.45250**	2.21625
One year	**1.00500**	2.43000

	Latest	52 wks ago
Euro Libor		
One month	**0.45688%**	2.94125%
Three month	**0.67625**	3.24750
Six month	**0.97875**	3.33500
One year	**1.22750**	3.43375
Hibor		
One month	**0.04964**	0.72071%
Three month	**0.09893**	1.51929
Six month	**0.22714**	2.05357
One year	**0.54786**	2.20429
Asian dollars		
One month	**0.2445%**	1.02%
Three month	**0.2658**	1.9000
Six month	**0.4713**	2.2600
One year	**1.0175**	2.4600

	Offer	Bid
Eurodollars		
One month	**0.2900%**	0.1900%
Three month	**0.3200**	0.2200
Six month	**0.3900**	0.2900
One year	**0.6000**	0.5000

	Latest	52 wks ago
U.S. discount	**0.50%**	1.25%
Fed-funds target	**0.25**	1.00
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.25%**	0.13%
U.K. (BBA)	**0.487**	2.000
Euro zone	**0.41**	2.25

Sources: WSJ Market Data Group; Reuters

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Stay calm, Hong Kong, in IPO race

Top of the tree in terms of initial public offerings, Hong Kong should hold its nerve as competition for new listings increases.

With more than $27 billion worth of flotations this year—and the $3 billion-plus debut of **China Pacific Insurance** possible before 2009 ends—Hong Kong comfortably leads the world's stock exchanges for IPOs this year, figures from Dealogic show.

But that lead is coming under pressure. Investors are weary of IPOs from some previously popular sectors; real-estate listings have raised $5 billion this year, but a lack of interest led to two recent planned offerings being shelved.

A flood of real-estate IPOs isn't Hong Kong's only problem. In the longer term, the shadow of Shanghai looms. As mainland China's investor base grows, Chinese companies will become less reliant on Hong Kong as a listing venue, even as foreign companies like **HSBC Holdings** lobby to list in Shanghai. In response, Hong Kong, which saw nearly 80% of its IPOs this year from Chinese companies, is casting its net further afield.

Judging by the exchange's progress, that is a strategy with as many risks as potential benefits. One of the first high-profile, non-Chinese companies to express an interest in a Hong Kong listing is debt-ridden Russian aluminum giant **Rusal**. Whatever its merits in attracting other natural-resource plays, Rusal itself would remain a closely held enterprise headquartered in a nation undermined by political risk, hardly a poster boy for the Hong Kong exchange's international expansion.

The mixed feelings about Rusal's listing, now postponed until the second quarter of next year, show the dilemma Hong Kong faces. Some in the city clearly feel chasing listings from all parts is the best way to maintain its advantage over Shanghai.

Taking steps to enhance its own integrity and attraction as a financial center should prove a better option. Compared with Shanghai, Hong Kong already enjoys far greater freedom of information, a more-developed legal system and a bigger pool of institutional investors.

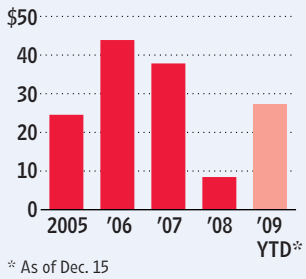
Such qualities should continue to differentiate Hong Kong from its mainland rivals for some time to come. Indulging in a race to the bottom to lead the new-listings pack would surely prove counterproductive.

—Andrew People

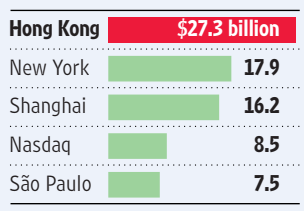
Listings leader

Hong Kong leads the way in flotations this year.

Money raised through new listings at Hong Kong stock exchange, in billions of U.S. dollars



Top 5 global stock exchanges ranked by money raised through new listings so far in 2009*



* As of Dec. 15

Note: For new listings on more than one exchange, the full value of the deal has been credited to each exchange, with the exception of simultaneous H-share and A-share IPOs.

Sources: Dealogic; Reuters (photo)

Minsheng Banking Corp. made its debut on the Hong Kong Stock Exchange in November.

Cadbury's forecasts are punchy; will investors buy in?

Behind all the bluster, **Cadbury**'s first defense document contains few surprises. Roger Carr, chairman of the U.K. confectioner, is characteristically robust in accusing rival **Kraft Foods** of trying to buy Cadbury "on the cheap" to make up for its own "low growth conglomerate business model".

But he has little to offer investors beyond some pretty punchy updated forecasts. His task now is to persuade investors to believe them.

Cadbury now forecasts average sales growth of 5% to 7% a year compared with previous guidance of 4% to 6%, with a precise operating margin target of 16% to 18% by 2013 against a previous "mid-teens" target by 2011. As a result, it is promising that from next year, at least 80% of earnings before tax, interest, depreciation and amortization will be available as cash for distribution to shareholders or acquisitions. In addition, Cadbury says dividend growth will be at least 10% a year compared with 6% in 2008.

How credible are these promises? Cadbury has yet to slip up as emerging-market demand for confectionery remains strong. Eating chocolate has taken the edge off the recession in the U.K. New gum formulas are selling well in the U.S. Cadbury has further to go to cut out costs.

Even so, Cadbury is unlikely to have raised the bar for Kraft by much. Cadbury shares trade 8% above the value of Kraft's 727-pence cash-and-shares offer at 790 pence. Mr. Carr still has an uphill task to push Cadbury shares out of reach.

—Matthew Curtin

Exxon pumps up gas tank

Having spent much of this decade buying back the shares it issued in its last big acquisition, **Exxon Mobil** Corp. is purchasing a company for a change.

For Exxon's shareholders, paying any acquisition premium raises concerns that the company's focus on returns is slipping. So the 25% premium being offered to **XTO Energy**'s shareholders weighed on Exxon's stock price on Monday.

Still, the world has moved on since Exxon Mobil was formed a decade ago. The boom in oil prices and reduced access to resources in many countries has left all of the majors struggling to grow.

Exxon has spent $258.8 billion buying back its own stock since September 2000, according to Standard & Poor's, equivalent to almost 79% of its current market capitalization. The common criticism is that Exxon, for want of decent investment opportunities, is liquidating itself.

With neither its defensiveness nor big payouts garnering much excitement, Exxon has changed tack.

There is no escaping the sense that this deal points to a more challenging future. It comes just a month after Exxon, as part of a consortium, agreed to be paid just $1.90 a barrel to increase production at Iraq's West Qurna field—a low reward for a job that will hardly be a walk in the park.

—Liam Denning

NETWORKWORLDASIA

Congratulations to Asia's top IT vendors!

Each year, the readers of Network World Asia recognize the IT vendors that made the most impact on their organizations in 2009. Congratulations to all of this year's winners!

See coverage from the awards ceremony at www.networksasia.net

2009 Winners - Readers' Choice Product Excellence Awards:

Data center power management systems	APC by Schneider Electric	Enterprise wireless LAN solution	Cisco	Enterprise network & systems management solution / tools	HP	ERP Software	SAP
Data center cooling and temperature management systems	APC by Schneider Electric	IP PBX	Cisco	Mid-range servers (Fewer than 200 users)	HP	SCM Software	SAP
Network and apps acceleration	Bluecoat (Winner 1), Citrix (Winner 2)	Structured cabling, physical network cabling	CommScope Systimax	Enterprise servers (More than 200 users)	IBM	Managed services (e.g. network/LAN/WAN, IT infrastructure, acceleration)	Singtel
Enterprise Unified Threat Management solution	Checkpoint	Storage/data management solution	EMC	Consulting and System Integration	IBM	Enterprise IDS/IPS, anti-spyware/malware solution	Symantec
Data center switch / router	Cisco	Storage Infrastructure	EMC	Mid-range Unified Threat Management solution	IBM	Identity management suite	Verisign
Enterprise IP collaboration/messaging / Unified Communications solution	Cisco	Network multifunction document management	Fuji Xerox	CRM Software	Oracle	Client virtualization solutions	VMware
				Database management	Oracle	Virtual server infrastructure management solution	VMware

Diamond sponsors: CommScope, Cisco

Gold sponsors: APC, BlueCoat, Check Point, SingTel, symantec.

NETWORKWORLDASIA QUESTEX

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Tuesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10083.48
▼ **0.22% or 22.20**

Losses by exporters pulled the index lower as investors worried over the strength of the yen. Property stocks rose on a Nikkei report of a major deal.

Stock	Volume in millions	Close	Change Net	Change %
Mtshbsh Fin Grp	**313.10**	448	6	1.36
Hitachi	**280.76**	247	10	4.22
Mizuho Financial	**116.09**	158	2	1.28
Sanyo Elec	**36.27**	166	3	1.84
NEC	**34.16**	226	5	2.26

Sensex
India 16877.16
▼ **1.29% or 220.39**

A sharp selloff in banks, linked to fears that higher inflation could bring an increase in interest rates, sent the market lower. Shares of auto makers fell after gains Monday.

Stock	Volume in millions	Close	Change Net	Change %
Dlf-A	**2.71**	381.00	–1.65	–0.43
Hindalco-A	**2.30**	141.60	1.50	1.07
Tata Steel-A	**2.14**	545.90	1.25	0.23
Reliance Com-A	**1.93**	174.45	–6.75	–3.73
Jaiprak Asso-A	**1.45**	222.35	–5.90	–2.58

Hang Seng
Hong Kong 21813.92
▼ **1.23% or 271.83**

Property developers fell following news that China will act to rein in property prices. Banks slipped on concern they may have to increase their capital ratios.

Stock	Volume in millions	Close	Change Net	Change %
Bank Of China	**424.73**	4.16	–0.11	–2.58
CCB	**315.30**	6.70	–0.15	–2.19
ChinaPetroChem	**255.41**	6.86	–0.05	–0.72
Icbc	**200.56**	6.38	–0.09	–1.39
PetroChina	**111.63**	9.51	–0.16	–1.65

CBN 600
China 29151.85
▼ **0.64% or 188.02**

Weakness in property stocks weighed on the index. Oil refiners moved lower following Monday's rally. Banks fell amid worries that they may have to raise capital.

Stock	Volume in millions	Close	Change Net	Change %
ChinaVankeCoA	**266.68**	11.39	–0.40	–3.39
China State Con	**228.39**	4.90	–0.07	–1.41
United Network	**188.32**	6.64	–0.02	–0.30
Cn Citic Bank	**177.81**	8.24	0.06	0.73
ChinaPetrol&Chem	**157.40**	13.64	–0.06	–0.44

Asian stocks in the news

Tokyu Land
Japan ¥336
▲ **3.4% or ¥11**

A jump in the number of new apartments put up for sale in the Tokyo area aided property stocks.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**17**			
Earnings per share, past four quarters	**19.70**			
Dividend yield	**2.1**			
Real Estate		**-0.6%**	-0.9%	43.1%
Tokyu Land		**3.4%**	-0.3%	0.9%

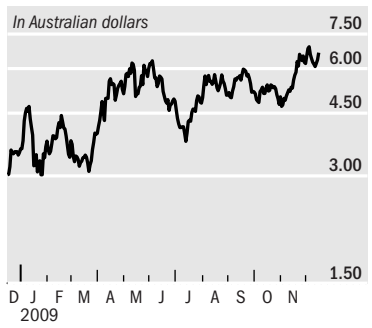
Sumitomo Rlty & Dev
Japan ¥1,711
▲ **4.6% or ¥75**

Like Tokyo Tatemono, the developer rose on news Secured Capital is buying a central-Tokyo building.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**16**			
Earnings per share, past four quarters	**107.10**			
Dividend yield	**1.2**			
Real Estate		**-0.6%**	-0.9%	43.1%
Sumitomo Rlty & Dev		**4.6%**	3.0%	36.3%

Aquarius Platinum
Australia A$6.65
▲ **4.7% or A$0.30**

Platinum miners rose as investors bet on demand from the auto, jewelry and investment sectors.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-0.16**			
Dividend yield	**none**			
Basic Resources		**-0.2%**	0.3%	69.0%
Aquarius Platinum		**4.7%**	6.4%	120.1%

Tokyo Tatemono
Japan ¥314
▲ **5.4% or ¥16**

Secured Capital Japan is buying a Tokyo building, raising hope for investment demand in real estate.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**23**			
Earnings per share, past four quarters	**13.90**			
Dividend yield	**3.2**			
Real Estate		**-0.6%**	-0.9%	43.1%
Tokyo Tatemono		**5.4%**	3.3%	-19.5%

Leopalace21
Japan ¥317
▲ **10.5% or ¥30**

Credit Suisse raised its rating on the apartment builder to "outperform."

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-122.20**			
Dividend yield	**none**			
Personal & Hshld Gds		**-0.8%**	-1.1%	22.8%
Leopalace21		**10.5%**	0.3%	-62.0%

Kajima
Japan ¥179
▼ **2.7% or ¥5**

The construction company fell on worries over how Dubai's woes will affect it.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**13**			
Earnings per share, past four quarters	**14.20**			
Dividend yield	**3.4**			
Constructn & Matl		**-0.9%**	0.4%	30.5%
Kajima		**-2.7%**	-3.8%	-38.5%

Obayashi
Japan ¥290
▼ **3.7% or ¥11**

Ongoing concern over Dubai's debt problems hurt Japanese construction firms.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**28**			
Earnings per share, past four quarters	**10.30**			
Dividend yield	**2.8**			
Constructn & Matl		**-0.9%**	0.4%	30.5%
Obayashi		**-3.7%**	-4.3%	-46.2%

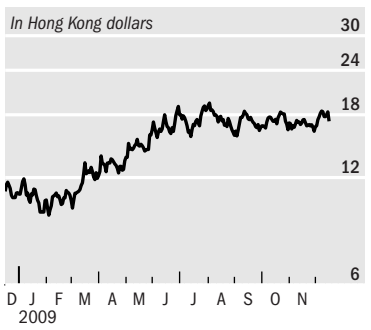
Shimao Prop
Hong Kong HK$15.72
▼ **5.3% or HK$0.88**

Like its counterparts, the stock fell on concern over government action in the property market.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**42**			
Earnings per share, past four quarters	**0.38**			
Dividend yield	**1.5**			
Real Estate		**-0.6%**	-0.9%	43.1%
Shimao Prop		**-5.3%**	-8.2%	187.9%

Ch Overseas Ld & Inv
Hong Kong HK$17.26
▼ **5.9% or HK$1.08**

The real-estate stock fell on fear China will raise interest rates to control property prices.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**25**			
Earnings per share, past four quarters	**0.70**			
Dividend yield	**0.8**			
Real Estate		**-0.6%**	-0.9%	43.1%
Ch Overseas Ld & Inv		**-5.9%**	-6.0%	57.3%

Agile Prop
Hong Kong HK$11.50
▼ **6.5% or HK$0.80**

The Chinese government said Monday it will act to rein in property prices in some cities.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**21**			
Earnings per share, past four quarters	**0.54**			
Dividend yield	**1.0**			
Real Estate		**-0.6%**	-0.9%	43.1%
Agile Prop		**-6.5%**	-13.0%	201.8%

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